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Sixty-fourth session
Item 32 of the provisional agenda*
United Nations Relief and Works Agency for Palestine Refugees in the Near East

Report of the United Nations Conciliation Commission for Palestine

Note by the Secretary-General

The sixty-third report of the United Nations Conciliation Commission for Palestine, covering the period from 1 September 2008 to 31 August 2009, was transmitted by the Chairperson of the Commission for communication to the States Members of the United Nations in accordance with paragraph 6 of General Assembly resolution 512 (VI) and paragraph 2 of Assembly resolution 63/91. The text of the report of the Commission is contained in the annex to the present note.

* A/64/150.

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Annex

Sixty-third report of the United Nations Conciliation Commission for Palestine

In paragraph 2 of its resolution 63/91, the General Assembly requested the United Nations Conciliation Commission for Palestine to report to the Assembly as appropriate, but no later than 1 September 2009. The Commission notes its report dated 20 August 2008 (A/63/317, annex) and observes that it has nothing new to report since its submission.

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Sixty-fourth session
Item 71 (b) of the provisional agenda*
Promotion and protection of human rights: human rights questions, including alternative approaches for improving the effective enjoyment of human rights and fundamental freedoms

Strengthening United Nations action in the field of human rights through the promotion of international cooperation and the importance of non-selectivity, impartiality and objectivity

Report of the Secretary-General

Summary

The present report is a compilation of the responses to the note verbale from the Secretary-General dated 24 April 2009, which was sent to Member States in compliance with resolution 62/165, inviting them to present practical proposals and ideas that would contribute to the strengthening of United Nations action in the field of human rights through the promotion of international cooperation based on the principles of non-selectivity, impartiality and objectivity. Responses have been received from the Governments of Algeria, Brazil, Qatar, Serbia, the Syrian Arab Republic and Ukraine; they are reproduced in the report as received.

* A/64/150.

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I. Introduction

1. In its resolution 62/165, the General Assembly requested the Secretary-General to invite Member States and intergovernmental and non-governmental organizations to present further practical proposals and ideas that would contribute to the strengthening of United Nations action in the field of human rights through the promotion of international cooperation based on the principles of non-selectivity, impartiality and objectivity.

2. In compliance with paragraph 11 of the resolution, the Secretary-General, in a note verbale dated 24 April 2009, invited Member States to present practical proposals and ideas.

3. As at 5 July 2009, replies had been received from the Governments of Algeria, Brazil, Qatar, Serbia, the Syrian Arab Republic and Ukraine, which are reproduced below as received. Additional replies received, if any, will be issued as addenda to the present report.

II. Replies received from Governments

Algeria

[Original: French]
[2 July 2009]

Algeria has constantly sought to promote and protect all human rights without distinguishing between civil, political, social or cultural rights or the right to development.

To that end, our country has always maintained that the consideration of human rights matters should be carried out in full respect for the principles of objectivity, impartiality and non-selectivity, without which efforts to protect human rights are certainly undermined.

Motivated by those considerations, Algeria's actions in this field have taken the form of ratifying the principal international human rights treaties and of maintaining constant cooperation with international and regional human rights bodies.

I. The ratification of international human rights treaties

The fact that the Provisional Government of the Algerian Republic ratified the four Geneva Conventions during the national liberation war serves as testimony to Algeria's commitment to respect for human rights.

It should be remembered that article 132 of the Algerian Constitution recognizes that treaties ratified by Algeria take precedence over domestic legislation.

General instruments

International instruments

International Covenant on Economic, Social and Cultural Rights
Accession/ratification by Algeria on 16 May 1989
Official Gazette No. 20 of 17 May 1989

Regional instruments

African Charter on Human and Peoples' Rights
Accession/ratification by Algeria on 3 February 1987
Official Gazette No. 6 of 4 February 1987

Protocol to the African Charter on Human and Peoples' Rights on the Establishment of an African Court on Human and Peoples' Rights
Accession/ratification by Algeria on 3 March 2003
Official Gazette No. 15 of 5 March 2003

Protocol of the Court of Justice of the African Union
Accession/ratification by Algeria on 6 June 2007
Official Gazette No. 39 of 13 June 2007

Arab Charter on Human Rights
Accession/ratification by Algeria on 11 February 2006
Official Gazette No. 8 of 15 February 2006

Instruments relating to genocide, war crimes, crimes against humanity and torture

International instruments

Convention on the Prevention and Punishment of the Crime of Genocide
Accession/ratification by Algeria on 11 September 1963
Official Gazette No. 66 of 14 September 1963

Convention against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment
Accession/ratification by Algeria on 16 May 1989
Official Gazette No. 20 of 17 May 1989

Regional instruments

Convention for the Elimination of Mercenarism in Africa
Accession/ratification by Algeria on 6 June 2007
Official Gazette No. 39 of 13 June 2007

Instruments against discrimination

International instruments

International Convention on the Elimination of All Forms of Racial Discrimination
Accession/ratification by Algeria on 15 December 1966
Official Gazette No. 220 of 30 December 1966

International Convention on the Suppression and Punishment of the Crime of Apartheid
Accession/ratification by Algeria on 5 December 1981
Official Gazette No. 1 of 5 January 1982

UNESCO Convention against discrimination in education
Accession/ratification by Algeria on 14 October 1968
Official Gazette No. 87 of 29 October 1968

ILO Convention concerning discrimination in respect of employment and occupation (Convention No. 111)
Accession/ratification by Algeria on 22 May 1969
Official Gazette No. 49 of 6 June 1969

International Convention against Apartheid in Sports
Accession/ratification by Algeria on 3 May 1988
Official Gazette No. 18 of 4 May 1988

International Convention on the Protection of the Rights of All Migrant Workers and Members of Their Families
Accession/ratification by Algeria on 21 April 2005

Instruments on women and children

International instruments

International Convention on the Elimination of All Forms of Discrimination against Women
Accession/ratification by Algeria on 22 January 1996
Official Gazette No. 6 of 21 January 1996

International Convention on the Rights of the Child
Accession/ratification by Algeria on 12 December 1992
Official Gazette No. 91 of 23 December 1992

Convention on the Political Rights of Women
Accession/ratification by Algeria on 19 April 2004
Official Gazette No. 26 of 25 April 2004

Convention concerning the Prohibition and Immediate Action for the Elimination of the Worst Forms of Child Labour (Convention No. 182), complemented by Recommendation 190, adopted by the General Conference of the International Labour Organization in 1999
Accession/ratification by Algeria on 28 November 2000
Official Gazette No. 73 of 3 December 2000

Optional Protocol to the Convention on the Rights of the Child on the sale of children, child prostitution and child pornography
Accession/ratification by Algeria on 2 September 2006
Official Gazette No. 55 of 6 September 2006

Optional Protocol to the Convention on the Rights of the Child on the involvement of children in armed conflict
Accession/ratification by Algeria on 2 September 2006
Official Gazette No. 55 of 6 September 2006

Regional instruments

African Charter on the Rights and Welfare of the Child
Accession/ratification by Algeria on 8 July 2003
Official Gazette No. 41 of 9 July 2003

Convention on the Establishment of the Arab Women's Organization
Accession/ratification by Algeria on 16 February 2003
Official Gazette No. 12 of 23 February 2003

Instruments dealing with humanitarian law and refugees

International instruments

Convention relating to the Status of Refugees
Accession/ratification by Algeria on 25 July 1963
Official Gazette No. 105 of 1963

Convention relating to the Status of Stateless Persons
Official Gazette No. 57 of 14 July 1964

Regional instruments

OAU Convention Governing the Specific Aspects of Refugee Problems in Africa
Accession/ratification by Algeria on 25 July 1973
Official Gazette No. 68 of 24 August 1973

Instruments dealing with slavery and trafficking in human beings

International instruments

Slavery Convention of 1926 as amended by the Protocol of 7 December 1953
Accession/ratification by Algeria on 11 September 1963
Official Gazette No. 66 of 14 September 1963

Supplementary Convention on the Abolition of Slavery, the Slave Trade, and Institutions and Practices Similar to Slavery
Accession/ratification by Algeria on 11 September 1963
Official Gazette No. 66 of 14 September 1963

Convention for the Suppression of the Traffic in Persons and of the Exploitation of the Prostitution of Others
Accession/ratification by Algeria on 11 September 1963
Official Gazette No. 66 of 14 September 1963

ILO Convention on the abolition of forced labour (Convention No. 105)
Accession/ratification by Algeria on 22 May 1969
Official Gazette No. 49 of 6 June 1969

Protocol to Prevent, Suppress and Punish Trafficking in Persons, Especially Women and Children, supplementing the United Nations Convention against Transnational Organized Crime
Accession/ratification by Algeria on 9 September 2003

United Nations Convention against Transnational Organized Crime
Official Gazette No. 9 of 10 February 2002

Protocol against the Smuggling of Migrants by Land, Sea and Air, supplementing the United Nations Convention against Transnational Organized Crime
Official Gazette No. 69 of 12 November 2003

Convention on the Rights of Persons with Disabilities
Official Gazette No. 33 of 31 May 2009

II. Promotion of the universality of human rights

The Human Rights Council, the treaty bodies and the Office of the High Commissioner for Human Rights are responsible for promoting the universality of human rights and ensuring equal treatment of all related topics.

Algeria considers that accession to international human rights instruments must not be selective; the International Convention on the Protection of the Rights of All Migrant Workers and Members of Their Families, for example, has not been successfully implemented because it has not been ratified by the industrialized countries, which nevertheless claim to be committed to human rights.

For the record, the list of countries that have ratified this Convention includes primarily the countries of origin of migratory flows. None of the Western countries of destination have ratified the Convention, even though the majority of migrants live in Europe and North America.

On another topic, the right of peoples to self-determination, which is the cornerstone of all other rights, continues to be denied by the international community.

To this day, the Palestinian and Saharan peoples continue to claim, legitimately, this inalienable right.

The peoples of these regions, which are under foreign occupation, suffer repeated and documented violations of their human rights on a daily basis.

In this connection, the publication of the 2006 report of the Office of the United Nations High Commissioner for Human Rights (OHCHR) Mission to Western Sahara and the Refugee Camps in Tindouf, in accordance with the principles of impartiality, objectivity and non-selectivity, would have enabled the international community to assess the gravity of the human rights violations in Western Sahara.

III. Ongoing cooperation with international and regional human rights institutions

In addition to its assessed and voluntary contributions to international organizations, which enable them to implement their mandates effectively, Algeria participates in the activities of a number of intergovernmental institutions.

International forums

Human Rights Council

Algeria was a founding member of the Human Rights Council, established after the Commission on Human Rights was dissolved as part of the reform of the United Nations.

Algeria hoped that this transition would make it possible to overcome the passivity of the former situation of politicization, selectivity and double standards in human rights. Algeria is convinced that it is through dialogue and cooperation that the situation of human rights in the world will progress. Algeria made sustained efforts during the negotiation phase to reach the broadest possible consensus for the establishment of the Human Rights Council.

With a view to its election to the Human Rights Council, Algeria took resolute action for the promotion and protection of human rights by advocating for equal treatment for all States and by promoting dialogue and coordination in achieving universal human rights objectives.

Algeria has played an active role in the Human Rights Council, including in its capacity as coordinator of the African Group. It has made a significant contribution to the institution-building of the Council, in particular through its initiative on the Code of Conduct for Special Procedures Mandate holders of the Human Rights Council (Human Rights Council resolution 5/2 and General Assembly resolution 62/219).

Universal Periodic Review: Algeria was part of the first group of countries to be reviewed under this mechanism, initiated by General Assembly resolution 60/251 and Human Rights Council resolution 5/10.

In its report, Algeria endeavoured to give as accurate a picture as possible of its achievements in the field of civil, political, economic, social and cultural human rights.

Following the review, the majority of the recommendations formulated individually by 17 States were accepted and approved by the Algerian Government, which will set about implementing them.

Office of the United Nations High Commissioner for Refugees: The relationship between Algeria and the Office of the United Nations High Commissioner for Refugees (UNHCR) dates back to the Algerian War of Independence. In fact, beginning in 1959, and pursuant to a General Assembly resolution, UNHCR began intervening on behalf of Algerian refugees who had found asylum in Morocco and Tunisia. Cooperation with UNHCR was further strengthened in the context of the provision of aid to Saharan refugees. For purposes of follow-up on Algeria-based operations, an agreement establishing a UNHCR delegation in Algeria was signed on 27 September 1984.

World Food Programme: Algeria and the World Food Programme have been working together since 1963, when the latter began delivering food aid to numerous persons displaced, either internally or externally, as a result of the War of Independence.

The Programme stepped up its activities in Algeria in 1986, at which time it signed an agreement with UNHCR to provide aid to Saharan refugees. The delivery of this aid is organized by means of letters of understanding between the Algerian Government and the Programme.

Regional forums

African Union: In addition to signing the African Union's human rights legal instruments, Algeria volunteered to be one of the first African countries to be

reviewed by the African Peer Review Mechanism, which inspired the establishment of a similar mechanism at the international level, namely the Universal Periodic Review.

Algeria submitted its consolidated third and fourth periodic report to the African Commission on Human and Peoples' Rights at its forty-second regular session, held in Brazzaville (Congo) from 14 to 28 November 2007. Mindful of the importance of promoting a fruitful and constructive dialogue with the Commission, the Algerian Government provided the necessary clarifications to questions posed by Commission members at the meeting in Ezulwini (Kingdom of Swaziland) in May 2008.

League of Arab States: Algeria is one of the nine Arab States to have ratified the Arab Charter on Human Rights; it participates regularly in the work of the Arab Commission for Human Rights.

In March 2008, Algeria hosted a meeting of the Arab National Human Rights Institutions on the topic "Human rights and development: the role of national human rights institutions".

Algeria is also contributing to the implementation of the strategic plan of the Arab League for the promotion and protection of human rights for the period 2008-2013, which aims, inter alia, at ensuring more effective implementation of the resolutions of the League of Arab States and a revitalization of its human rights mechanisms.

Brazil

[Original: English]
[29 June 2009]

The promotion of international cooperation in the field of human rights stems from the principle of human rights as one of the three pillars of the United Nations. In accordance to the purposes and principles contained in the Charter of the United Nations, including developing friendly relations among nations on the basis of respect for the principle of equal rights and self-determination, Member States must achieve international cooperation in the area of promoting and encouraging human rights.

That goal was also underscored in the Universal Declaration of Human Rights and the Vienna Declaration and Programme of Action, which also affirm that priority must be given to actions aiming at promoting and protecting human rights.

In the United Nations Millennium Declaration, adopted by the General Assembly in its resolution 55/2, world leaders expressed their commitment to the Millennium Development Goals, in particular with respect to developing a global partnership for development. The World Summit Outcome, approved by the General Assembly in its resolution 60/1, further reaffirms the need for the United Nations to play a fundamental role in the promotion of international cooperation for development and the coherence, coordination and implementation of development goals and actions agreed upon by the international community.

In that context, the Human Rights Council and the Office of the United Nations High Commissioner for Human Rights (OHCHR) were given a specific mandate to provide technical cooperation in the field of capacity-building in human rights. In the World Summit Outcome, world leaders resolved to strengthen OHCHR to enable it to effectively carry out its mandate to respond to the broad range of human rights challenges facing the international community, particularly in the areas of technical assistance and capacity-building.

The mandate given by the General Assembly to both the Council and the Office of the High Commissioner to provide cooperation is based, on the one hand, on our primary objective of offering an open and balanced forum for dialogue and, on the other, on the sovereignty of each State in deciding to request international cooperation.

After two and a half years, States Members of the United Nations have achieved resounding results in the institution-building process of the Human Rights Council, in particular relating to the implementation of its mechanisms, such as the universal periodic review, the special procedures, the Advisory Committee and the Social Forum. However, in spite of the progress achieved so far in the context of the institution-building process of the Council, we have not been able to develop its cooperation dimension in the same way.

Brazil firmly believes that cooperation can play a central role in the task of promoting and protecting human rights on the ground and eventually strengthening the Council and its mechanisms. Offering technical cooperation may represent a constructive approach to the implementation of recommendations under Human Rights Council mechanisms. By its resolution 60/251, the General Assembly mandated the Council to undertake a universal periodic review that shall be a cooperative mechanism, based on an interactive dialogue, with the full involvement of the country concerned and with consideration given to its capacity-building needs.

The existing mechanisms of the Human Rights Council allow for the identification of difficulties and challenges in the implementation of international human rights law. There is a need to offer assistance to Member States in the implementation of recommendations emanating from those mechanisms, so that the progress achieved so far in the context of Human Rights Council institution-building and the United Nations human rights system as a whole can be strengthened by a cooperation-based approach that allows Member States to overcome challenges in the area of human rights.

Member States must foster the exchange of experiences, the dissemination of good practices and multilateral cooperation on the basis of reciprocity of benefits. The promotion and protection of human rights should be based on the principles of cooperation and a genuine dialogue aimed at strengthening the capacity of Member States to comply with their human rights obligations for the benefit of all human rights, in accordance with General Assembly resolution 60/251, which established the Human Rights Council. It is important to ensure national ownership in this process. Any eventual technical cooperation would be carried out with due respect for the priorities of host countries.

Brazil reiterates the commitment of its Government and of OHCHR to promote South-South cooperation as a mechanism for implementing the

recommendations of human rights mechanisms, with a view to contributing to the enhancement of the capacities of Member States to duly comply with their international human rights obligations. Brazil is interested in establishing a triangular South-South cooperation mechanism with the Office of the High Commissioner aimed at assisting developing countries in the task of implementing the recommendations of the Human Rights Council.

Finally, existing regional organizations may also play an important role in fostering exchanges of information and experience among countries so as to promote and protect human rights.

Qatar

[Original: Arabic]
[22 June 2009]

National Human Rights Committee

Doha, Qatar

International cooperation in the field of human rights is undoubtedly one of the loftiest spheres in which countries cooperate. It embodies a value that aims to protect humanity itself, wherever there are people, without any kind of discrimination. It is an illustrious tool by means of which countries express their desire and determination to guarantee respect and protection for the rights of their nationals and those subject to their legal authority. It is indicative of a State recognition of those rights and freedoms with respect to the citizens and nationals of other countries that creates a global climate in which the values of peace, freedom, security and equality prevail and mankind advances towards growth and prosperity.

The international community has enjoyed increased expansion in various aspects of international relations and, in particular, in the field of human rights, since the Charter of the United Nations was signed: one of the main purposes of the United Nations, as affirmed in article 1 of the Charter, is to achieve international cooperation and strengthen respect for human rights for all without any type of discrimination. However, the fact that the majority of States wish to respect the purposes set forth in the aforementioned Charter and have become parties to and ratified numerous human rights instruments does not mean that international cooperation is invariably based on neutrality, objectivity and non-selectivity. Many international relationships are based on principles informed by sovereignty, equality and the balance between power and political and economic interests.

Study of the current international situation affirms that the issue of human rights is in some cases used for political purposes that are far removed from the noble humanitarian goals of those rights. Political and economic interests may be achieved either by using the issue of human rights as a pretext or by disregarding human rights violations, a policy that is a travesty of the bases and principles of human rights, the cornerstone of which is the absolute equality of all mankind. That policy has caused concern to United Nations human rights machinery which, in numerous resolutions, has referred to the need to employ objectivity and non-selectivity when dealing with the issue of human rights and suppress double standards and politicization.

By putting forward its views on and proposals for strengthening United Nations action in the field of human rights through the promotion of international cooperation and the importance of non-selectivity, impartiality and objectivity, the Committee is acting on its belief in the extreme importance of this matter, which necessitates measures that are commensurate with the value the international community attaches thereto. The Committee believes that such measures should be taken at three levels. The first should be at the United Nations level; the second at the level of international cooperation; and the third at the level of the human rights treaty bodies, along the lines set forth below:

First: at the United Nations level

Since the Charter of the United Nations was signed, that Organization has symbolized the values of peace, tolerance and the coexistence of peoples and respect for human rights for all without any kind of discrimination. It has been mankind's best achievement, representing international aspirations for cooperation aimed at protecting human rights. The Charter was signed in circumstances that had a powerful impact on its provisions. However, the current international situation is turbulent: changing circumstances make it advisable to reconsider certain provisions of the Charter in the light of global developments and the political, economic, social and cultural impact and challenges of globalization and, in particular, the threat posed at the international level by terrorism, the impact of which is sometimes comparable with that of conventional warfare.

In view of the foregoing, the Committee would like to put forward views on and justifications for the restructuring of the United Nations, as set forth below:

Pursuant to the Charter of the United Nations, article 109, paragraphs 1 and 2, the provisions of the Charter should be reconsidered with a view to granting the General Assembly greater powers to maintain international peace and security, balancing such powers with those of the Security Council in that respect and putting in place the necessary controls to ensure effective coordination and cooperation and avoid any conflict of competences. The Committee feels that suggestion is justified because the authority granted under the Charter to the Security Council, with particular respect to the right of the five permanent members to veto and bring down any resolution concerning international peace and security, is something that is incompatible with the proper structure of the United Nations as a global centre for democratic values. That proposal may meet with resistance from those five permanent members, but could be achieved if all States Members increase dialogue and mutual understanding with those five, highlighting the interests of the international community, which include those of the five permanent members themselves.

The Committee thinks that expanding the membership of the Security Council would make that body more democratic and have a positive effect on the United Nations and the contemporary international system as a whole. The right of the five permanent members to use their veto must be reconsidered, particularly in respect of resolutions concerning human rights, given that human rights issues have a universality that affects the interests of the whole international community. Their impact is not restricted to just one or two countries: if any country violates human rights and the Security Council fails to adopt a resolution thereon as the result of any circumstances or considerations that are selective and lack objectivity, that

could put at risk the interests of a number of other States. With respect to human rights, the pursuit of selective and subjective policies can prompt thoughts of hostile acts and revenge which may lead to terrorism, thereby posing a threat to the whole international community.

Second: at the level of international relations

The Committee believes that it is possible to promote international cooperation based on objectivity, impartiality and non-selectivity by the following means:

States which pursue policies that are selective and lack objectivity and impartiality with respect to human rights issues may be excluded from economic and cooperative relationships in various fields.

Various types of economic and cooperative partnership may be developed with States that deal with human rights issues impartially and objectively.

Official national human rights bodies and machinery may coordinate and cooperate in respect of the interchange of information on all human rights issues.

The financial resources necessary for United Nations human rights programmes and activities may be ensured through international cooperation.

Third: at the level of the human rights treaty bodies and other institutional mechanisms

The Committee believes the following:

The capacities of such bodies should be strengthened and the framework for effective cooperation and partnership with non-governmental organizations in respect of all human rights issues should be supported and activated, with particular regard to the interchange of information.

Effective coordination between all United Nations bodies should be improved and developed in order to strengthen and protect human rights.

All United Nations agencies and staff members should be given all necessary protection against the use of the veto by the five permanent members of the Security Council.

International investigators should be provided with further safeguards in order to ensure their neutrality, impartiality and objectivity and guarantee their security while undertaking their duties, which may impinge on the interests of peoples or States.

The necessary mechanisms should be put in place in order to hold accountable international investigators and committees that are conclusively proved to have lacked impartiality and objectivity when carrying out their duties.

Serbia

[Original: English]
[22 July 2009]

The Republic of Serbia is a party to the following human rights instruments: the International Covenant on Civil and Political Rights; the First Optional Protocol to the Covenant, and the Second Optional Protocol to the Covenant aiming at the abolition of the death penalty; the International Covenant on Economic, Social and Cultural Rights; the International Convention on Elimination of All Forms of Racial Discrimination; the Convention against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment; the Optional Protocol to the Convention against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment; the Convention on the Rights of the Child; the Optional Protocol to the Convention on the Rights of the Child on the sale of children, child prostitution and child pornography; the Optional Protocol to the Convention on the Rights of the Child on the involvement of children in armed conflict; the Convention on the Elimination of All Forms of Discrimination against Women; and the Optional Protocol to the Convention on the Elimination of All Forms of Discrimination against Women.

In May 2009, the Republic of Serbia ratified the Convention on the Rights of Persons with Disabilities and the Optional Protocol to that Convention.

The Republic of Serbia is also a State party to a number of other international human rights instruments, 33 Council of Europe conventions and 69 conventions adopted by the International Labour Organization.

The priorities that the Republic of Serbia has identified in the promotion and protection of human rights internationally are as follows:

- to work together with international and regional organizations on human and minority rights
- to be actively involved in international cooperation programmes on minority rights, gender, equality, child protection and the promotion of democracy and the rule of law
- to implement the commitments assumed in the Millennium Development Goals
- to support the activities of the Office of the United Nations High Commissioner for Human Rights
- to cooperate with the relevant United Nations treaty bodies both in overseeing compliance with international treaties and in reforming those bodies
- to continue its cooperation under the special procedures of the Human Rights Council, leaving an open-ended invitation to representatives of such procedures.

Syrian Arab Republic

[Original: Arabic]
[30 June 2009]

The Syrian Arab Republic, which is committed to international law and United Nations resolutions, affirms the need to ensure universality, objectivity and non-selectivity when considering human rights issues, which are one of the legitimate concerns of the international community. Those issues should not be used in order to achieve political aims. The Syrian Arab Republic requests the international community to shoulder its responsibility to prevent Israel from continuing its violations, particularly in the field of human rights. The Israeli security authorities deliberately mistreat and terrorize Syrian Arab prisoners in an attempt to undermine their national social and economic positions. Furthermore, the conditions in which those prisoners are kept are very bad and have led to incurable illnesses being contracted by many, and several deaths.

The Israeli prison authorities continue to pursue a policy of humiliating and degrading prisoners, depriving them of their most basic rights. Prison cells are regularly raided and prisoners are searched on a daily basis. Those authorities consistently refuse to allow international institutions, including the International Committee of the Red Cross, to visit Syrian Arab prisoners.

There is not a single household in the occupied Syrian Golan that does not have at least one family member in Syria who can report the severe humanitarian suffering when there is illness or death in the family and family members are unable to visit each other. The Syrian Arab Republic asserts that the people of the Golan are Syrian citizens who live in a part of the homeland that is occupied. They have the humanitarian right to communicate with their fellow citizens, and any impediment of that right must be included among the grievous violations that the Israeli occupying authorities have continued to commit since they occupied our lands in 1967.

The Syrian Arab Republic, while renewing its legitimate request for the resumption of the visits that used, until Israel halted them in 1994, to take place through the Qunaytira crossing under the aegis of the International Committee of the Red Cross, also stresses that it is important for the international community to shoulder its responsibility to bring pressure to bear on the Israeli occupying authorities to respect international law and human rights.

The Syrian Arab Republic appeals to the international community to bring pressure to bear on Israel to once again permit International Committee of the Red Cross representatives to organize the exchange of regular, steady visits through the Qunaytira crossing. As you are well aware, such visits are provided for under the fundamental rules of international humanitarian law, the Universal Declaration of Human Rights and the Geneva Conventions. In view of the fact that Israel, the occupying Power, is a party to the Fourth Geneva Convention relative to the Protection of Civilian Persons in Time of War, it has a duty to apply the provisions of that Convention. In articles 25, 26, 30 and 142 thereof, and in Additional Protocol I, article 74, provision is made for the authorization and facilitation of family visits to the inhabitants of occupied territories.

Israeli practices are injurious to cultural practices in the occupied Syrian Golan and aim to destroy the Arab cultural character of its people, impose Israeli educational curriculums, and distort all the facts relating to the history and geography of the occupied Syrian Golan by eradicating the Arab names of villages and places and substituting Hebrew names in a manner that contravenes all international agreements and norms.

Ukraine

[Original Russian]
[1 July 2009]

At the current stage in their development, the Ukrainian State and Ukranian society consider the protection of human rights and the implementation of obligations assumed under international law in that field to be a priority concern for the activities of the Government.

Under articles 21 and 24 of the Constitution of Ukraine all people are free and equal in their dignity and rights. Human rights and freedoms are inalienable and inviolable. These norms in the Constitution of Ukraine are reflected in the Act on amendments of the Employment Act (new version), which was adopted by the Supreme Council of Ukraine on 7 June 2007.

In accordance with that Act the State employment policy in Ukraine seeks, in particular, to ensure that citizens living in the territory of Ukraine enjoy equal opportunities for exercising their constitutional right to work. The Act provides that the Government will guarantee citizens protection from discrimination in employment based on race, colour, political, religious or other convictions, membership in a professional or other association, sex, ethnic or social origin, property, place of residence, language or some other feature. All vacant positions are open to men and women on an equal basis. No one may be deprived of the right to make use of his or her capacity to work and professional skills and qualifications. Every one has the right to protection from any form of discrimination in exercising the right to work.

The introduction of gender equality into Ukrainian society is provided for under the State Programme for the Establishment of Gender Equality in Ukrainian Society for the period up to 2010. Gender issues are also dealt with in the annual programmes for the economic and social development of Ukraine.

The Ministry of Family, Youth and Sport, as the specially empowered organ of the executive branch for the prevention of domestic violence, the implementation of the State's gender policy and the fight against trafficking in human beings, includes in its ambit action to protect all human rights and fundamental freedoms.

Ensuring the equality of the rights of men and women is an important duty of the State in terms of its compliance with its obligations to the international community and its fulfilment of the requirements of international agreements. National legislation as a whole is based on the provisions of the fundamental international legal instruments. Significant progress has been achieved in aligning our legislation with international norms and standards in terms of strengthening the means for legal protection at the national level, reforming the judiciary and raising the level of legal culture. Great attention is paid to the real protection of the

constitutional rights and freedoms of citizens through monitoring of respect for the rights and freedoms of the person and the citizen in terms of compliance with the relevant laws by bodies of the executive branch and local self-government and their officials and personnel.

The achievement of gender parity in all areas of life in society is the goal of the Act on "ensuring equal rights and opportunities for women and men", which establishes machinery for ensuring equal rights and opportunities for women and men in Ukraine, delimits the powers of the specially empowered central executive body responsible for ensuring equal rights and opportunities for women and men, and specifies legislatively established gender terminology.

In accordance with decision No. 504 of 12 April 2006 on the conduct of expert legal and gender analysis, the Ministry of Justice of Ukraine recently carried out an expert legal study of gender aspects of the laws on:

Vacation and leave;

State assistance to families with children;

Employment;

Elections of people's deputies of Ukraine;

Status of people's deputies;

Service in local self-government bodies;

Social and legal protection of military servicemen and members of their families;

The military service obligation and military service;

The status of towns in mountainous regions of Ukraine;

Preventing the spread of AIDS and social protection of the population;

The legal basis for civil defence.

The study also included the Customs Code of Ukraine and the Decision of the Supreme Council of Ukraine of 13 October 1995 adopting the Regulations governing assistants-consultants for people's deputies of Ukraine.

In 2008 the Supreme Soviet of Ukraine adopted the Act introducing amendments to various legislative acts relating to the Act on ensuring equal rights and possibilities for women and men. The Act introduced amendments to the following Ukrainian laws:

The Codex of labour laws — the formulation in a collective agreement of provisions ensuring equal rights and opportunities for women and men (art. 13);

The Act of Ukraine on associations of citizens — regarding the establishment of additional rights of citizens' associations with regard to ensuring equal rights and opportunities for women and men (art. 20);

The Act of Ukraine on collective agreements and pacts regarding the formulation in collective agreements and pacts of provisions ensuring the rights and opportunities of women and men (arts. 7 and 8);

The Act on the Commissioner of the Supreme Council of Ukraine for Human Rights regarding the monitoring by the Commissioner of respect for the equal rights and opportunities of women and men (art. 13);

The implementation of the State Programme for the Establishment of Gender Equality in Ukrainian Society in the period up to 2010 includes the following ongoing activities:

Decision No. 1087 of the Cabinet of Ministers of Ukraine of 5 September 2007 on advisory bodies dealing with the family, gender equality, demographic development and combating trafficking in human beings established the Inter-Ministerial Council on the Family, Gender Equality, Demographic Development and Combating Trafficking in Human Beings;

In 20 regions of Ukraine, district coordination bodies have been established to deal with the family, gender equality, demographic development and the fight against trafficking in human beings;

Working groups on the introduction of gender approaches into the workplace have been established in 38 central bodies of the executive branch;

Advisers on gender issues to the heads of district administrations have been appointed in 15 districts.

In order to establish an effective State system to combat trafficking in human beings by establishing a legal basis for official policy and international cooperation in this area and by determining the powers of and forms of coordination between bodies responsible for combating human trafficking, the Ministry of Family, Youth and Sport of Ukraine has begun drafting a bill on combating trafficking in human beings.

The Cabinet of Ministers of Ukraine adopted decision No. 1013 of 9 November 2008 setting out the criteria for assessing the level of risk arising from economic activity related to the recruitment of workers for jobs abroad and determining the periodicity of planned State control measures. This legal text sets out clear criteria for assessing the threat of fraudulent activities by unscrupulous professionals and unlawful activities by foreign employers.

In 2008, as part of a project by the office of the Organization for Security and Cooperation in Europe (OSCE) Project Coordinator in Ukraine, a group of experts carried out research to assess the need for a national referral mechanism for victims of human trafficking in Ukraine.

Based on the results of that research, which was approved at a meeting of the Inter-Ministerial Council on the Family, Gender Equity, Demographic Development and Combating Trafficking in Human Beings, in 2009 a project was launched on a pilot basis in the Donetsk and Chernovetsk districts to develop a national referral mechanism for victims of human trafficking in Ukraine.

Implementation of the State programme to combat trafficking in human beings is being monitored in 14 districts in Ukraine.

As part of the Worldwide Campaign to End Violence against Women, the Ministry of Family, Youth and Sport of Ukraine launched a national "Stop Violence!" campaign in 2008 to combat violence against women and children and domestic violence. The aims of the campaign are:

- to improve the body of legislation for the prevention of domestic violence;
- to raise public awareness that violence against women and children is a human rights violation;
- to create an attitude of intolerance toward violence in all sections of the population.

In implementation of item 15 of the plan of measures to prepare for the 60th anniversary of the Universal Declaration of Human Rights and Human Rights Day, and as part of the national "Stop Violence!" campaign, on 16-17 October 2008 the Ministry of Family, Youth and Sport of Ukraine held a national forum entitled "Stop Violence!" at which a platform of action for the prevention of violence was adopted. The Ministry, together with central executive authorities and public organizations, has now developed a national plan of measures to implement the platform of action.

The activities of Ukraine's Ministry of Labour and Social Policy are directed towards strengthening legal and social protections for Ukrainian citizens working abroad and for foreign nationals working in Ukraine.

To that end, Ukraine has acceded to agreements on human rights protection, such as the European Convention on the Legal Status of Migrant Workers, the Agreement on Cooperation in the Field of Labour Migration and Social Protection for Migrant Workers and its Protocol regulating frontier migration within the Commonwealth of Independent States (CIS).

Ukraine has also signed 13 bilateral treaties in the field of employment and social protection, 7 bilateral treaties in the field of social assistance and 21 international treaties on pensions.

In late 2008, at a summit of the Heads of Government of CIS member countries, Ukraine signed the Convention of CIS member States on the Legal Status of Migrant Workers and Members of their Families. This Convention sets out the basic rights of migrant workers from CIS member States.

Since 2006, Ukraine has been a party to the European Social Charter (revised), which guarantees fundamental human rights.

The employment of foreign nationals in Ukraine is covered by article 26 of the Constitution of Ukraine and by the Labour Act, and is governed by Decision No. 322 of 8 April 2009 of the Cabinet of Ministers of Ukraine establishing the procedure for issuing, extending and cancelling authorizations to employ foreign nationals and stateless persons.

Under article 26 of the Constitution of Ukraine, foreigners and stateless persons who are in Ukraine legally enjoy the same rights and freedoms, and also bear the same obligations, as Ukrainian citizens.

The procedure for issuing, extending and cancelling authorizations to employ foreigners and stateless persons is based on the principles of impartiality and objectivity in the process of employing foreign nationals in Ukraine.

Under article 24 of the Constitution of Ukraine, all Ukrainian citizens have equal constitutional rights and freedoms and are equal before the law.

In Ukraine, women and men with disabilities have equal rights of access to employment.

All persons with disabilities have equal rights upon being hired and while undergoing rehabilitation according to their abilities, preferences and state of health.

Under article 17 of the Act on the basic principles of social protection for persons with disabilities in Ukraine, in order to allow persons with disabilities to realize their creative and productive potential, and taking into account their individual rehabilitation programmes, such persons have the right to work in businesses, institutions and organizations or to work as entrepreneurs or in any other labour activity that is not prohibited by law.

Article 18 of that Act guarantees the rights of the disabled to employment and paid work, including work at home, by enabling them to deal directly with companies, institutions and organizations or with the State employment service.

The process of preparing and reviewing draft regulations and laws on the social protection of the disabled has involved the participation of various social partners, namely, the Federation of Employers of Ukraine, the Federation of Professional Associations of Ukraine, the All-Ukrainian Association of Employers and the Union of Owners of Small- and Medium-Sized and Privatized Enterprises of Ukraine. Representatives of various large all-Ukrainian public organizations of disabled persons have also participated in the process.

Thus the views of social partners and public organizations of the disabled are being taken into account during the process of adopting the legislation.

It should be added that there exists within the Ukrainian Government a Council on the Disabled, which includes representatives of public organizations of the disabled and studies current problems relating to the social protection of persons with disabilities.

Furthermore, the activities of the Ministry are aimed at restoring the human rights of members of such groups as the homeless and persons released from detention.

Starting in 2005 the Ministry, together with regional labour and social protection bodies, has been working to develop a system to reintegrate the homeless and rehabilitate into society persons released from detention.

A number of regulations and laws have been drawn up and adopted to regulate the activities of social protection institutions for the homeless and institutions for persons released from detention. Various models for social work with these groups have been developed and the basic strategic guidelines have been worked out for reintegrating the homeless and for carrying out the social adaptation of ex-detainees.

A draft plan for the social protection of the homeless has been approved. The plan calls for scientific study of homelessness, the implementation of preventive measures, the development of a reintegration system and a registration system, the development of housing for social purposes (social housing), the training of social work specialists and a number of other approaches to solving the problem (Decision No. 639-r of the Cabinet of Ministers of Ukraine dated 17 April 2008).

Decision No. 1402-r of the Cabinet of Ministers of Ukraine dated 5 November 2008 approved a long-term plan of action up to 2012 for the implementation of the Guidelines for social protection of the homeless, which covers all sectors concerned with the problem of homelessness and calls for efforts to strengthen the legislative framework so as to bring it into line with European standards, to strengthen the activities of institutions and expand their functions, to improve the form and methods of social work with various target groups, and to ensure guaranteed financing for this area of activity.

Pursuant to Resolution No. 1035 of the Cabinet of Ministers of Ukraine, dated 26 November 2008, the Coordination Council on the Social Protection of Homeless Persons and Street Children was established with the tasks of consolidating the efforts of Government bodies, local self-government bodies and social organizations and of coordinating their activities to solve the problems of homeless adults and children.

Furthermore, an action plan for the period up to 2009 is being implemented with the aim of ensuring the social adaptation of persons who have served out their sentences. The plan was approved by Decision No. 1030-r of the Cabinet of Ministers of Ukraine, dated 21 November 2007, and calls for improvements in the network of institutions for ex-detainees and the training of staff and for strengthening the legislative framework and improving the system for preparing prisoners for release and so forth.

With a view to setting the strategic tasks that will lead to improvements in the system for the social adaptation of released detainees, the Cabinet of Ministers of Ukraine approved, in its Decision No. 1385-r dated 30 October 2008, the Guidelines for the social adaptation of persons who have completed their sentences, which set out the main strategic tasks for the process of improving the social adaptation system.

So far, a draft order by the Cabinet of Ministers of Ukraine on the adoption of the Plan of Action for the period up to 2015 to implement the Guidelines for the social adaptation of persons who have completed their sentences has been drawn up.

A draft Act is also being prepared on amendments to the Act of Ukraine on the Plan for the social adaptation of persons who have completed their prison sentences.

Work on establishing a network of institutions for these categories of people is continuing.

There are now 104 institutions for the homeless and ex-detainees operating in Ukraine, including 48 non-governmental organizations, that provide social services for such people. In 2008 about 15,000 people made use of the services provided by these institutions, including more than 6,000 people in registration centres.

Observation commissions play a role as one of the tools for the social adaptation of persons released from detention. There were 679 such commissions at the beginning of this year. Last year 9,185 people in that category applied to the commissions for assistance.

The Ministry is continuing its work on developing the social protection system for homeless persons and ex-detainees.

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Implementation of the United Nations Comprehensive Strategy on Assistance and Support to Victims of Sexual Exploitation and Abuse by United Nations Staff and Related Personnel

Report of the Secretary-General

Summary

The present report is submitted pursuant to paragraph 4 of General Assembly resolution 62/214, and provides an update on action taken and progress to implement the United Nations Comprehensive Strategy on Assistance and Support to Victims of Sexual Exploitation and Abuse by United Nations Staff and Related Personnel.

The purpose of the Strategy is to ensure that victims of sexual exploitation and abuse by United Nations staff and related personnel receive appropriate assistance and support in a timely manner, in the form of medical care, legal services, support for psychological and social care and immediate material care, including food, clothing and shelter, as necessary.

The report provides information on the approach adopted to implement the Strategy, discusses ongoing activities at country and agency levels, identifies challenges and lessons learned and recommends the way forward to fully achieve the goals of the Strategy.

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I. Introduction

1. Following allegations of sexual exploitation and abuse by United Nations aid workers and peacekeepers in the Balkans, West Africa and South-East Asia, the Secretary-General promulgated a Bulletin on special measures for protection from sexual exploitation and sexual abuse (ST/SGB/2003/13). In addition, the high number of allegations of sexual exploitation and abuse involving peacekeepers uncovered in Bunia in the Democratic Republic of the Congo in 2004 prompted a re-thinking of the United Nations approach and a further in-depth review of this critical issue in peacekeeping operations. In March 2005, the Secretary-General released a report with his comprehensive strategy to eliminate future sexual exploitation and abuse in United Nations peacekeeping operations.[1] The report provided a comprehensive and innovative set of reforms addressed to both the United Nations Secretariat and Member States. The recommendations from the report were debated in the General Assembly in April 2005, and led to the adoption of a two-year package of reforms for peacekeeping on sexual exploitation and abuse.[2]

2. As part of the reforms, the Special Committee on Peacekeeping Operations and its Working Group in 2005 recommended in its report,[3] inter alia, that the Secretary-General provide to the Committee a comprehensive strategy for assistance to victims of sexual exploitation and abuse by United Nations personnel. Until that time, Missions were to provide emergency assistance to victims, a practice also agreed upon later by entities that endorsed the Statement of Commitment on Eliminating Sexual Exploitation and Abuse by United Nations and non-United Nations personnel, issued in December 2006.[4] The 2005 World Summit Outcome[5] also encouraged the Secretary-General to submit proposals to the General Assembly leading to a comprehensive approach to victims' assistance. This led to the development of the draft United Nations policy statement and draft United Nations comprehensive strategy on assistance and support to victims of sexual exploitation and abuse by United Nations staff or related personnel.[6]

3. The draft strategy was considered by the Special Committee on Peacekeeping Operations at its 2007 substantive session.[7] The report of the Committee stated that the draft strategy may have a "United Nations-wide" application and recommended that an ad hoc open-ended working group of the General Assembly be convened to discuss the draft strategy on victim assistance. As a result, an ad hoc working group was established in July 2007, and completed its consideration of the strategy in December 2007. The report of the working group[8] contained a draft resolution and

[1] A comprehensive strategy to eliminate future sexual exploitation and abuse in United Nations peacekeeping operations (A/59/710).

[2] General Assembly resolution 59/300.

[3] A/59/19/Rev.1.

[4] Senior leaders from United Nations and non-United Nations entities agreed to implement 10 principles contained in the Statement of Commitment stemming from the High-level Conference on Eliminating Sexual Exploitation by United Nations and NGO Personnel; as of July 2009, the Statement has been endorsed by 44 United Nations and 35 non-United Nations entities.

[5] General Assembly resolution 60/1.

[6] See A/60/877.

[7] A/61/19 (Part II).

[8] A/62/595.

an updated strategy, and recommended adoption of the same by the General Assembly. The General Assembly adopted the United Nations Comprehensive Strategy on Assistance and Support to Victims of Sexual Exploitation and Abuse by United Nations Staff and Related Personnel on 21 December 2007, and the corresponding General Assembly resolution 62/214 was issued on 7 March 2008.

4. The Office for the Coordination of Humanitarian Affairs sent official communications to humanitarian coordinators and Heads of Office to announce the adoption of the Strategy and to request its implementation. The Strategy was also disseminated to all peacekeeping operations by the Department of Field Support. It was further distributed to the members of the Executive Committees on Humanitarian Affairs and Peace and Security (ECHA/ECPS) United Nations and Non-Governmental Organization (NGO) Task Force on Protection from Sexual Exploitation and Abuse for distribution to their headquarters and field offices.

II. Approach to implement the Strategy

Scope and type of assistance

5. The Strategy states that the scope of application for implementation is to "assist and support complainants, victims and children born as a result of sexual exploitation and abuse by United Nations staff and related personnel in a manner appropriate to the relevant circumstances of each location with due respect to host country legislation".[9]

6. According to the Strategy, assistance and support should be provided through existing services, programmes and their networks.[9] The Strategy also makes reference to Victim Support Facilitators, who "are those selected implementing partners requested by the United Nations to facilitate the delivery of assistance and support to complainants, victims and children born as a result of sexual exploitation and abuse".[10]

7. Under the provision of the Strategy, "complainants", or persons who allege, in accordance with established procedures, that they have been, or are alleged to have been, sexually exploited or abused by a United Nations staff member or related personnel, but "whose claim has not yet been established through a United Nations administrative process or Member States' processes, as appropriate"[10] should receive basic support and assistance in accordance with individual needs. Such basic needs would comprise medical care, legal services, psychological and social support. It can also include immediate material care such as food, clothing, emergency and safe shelter, as necessary.

8. Further to basic assistance, victims, or "persons whose claims that they have been sexually exploited or abused"[10] by a United Nations staff member or related personnel who have been established "through a United Nations administrative process or Member States' processes, as appropriate"[10] should receive additional assistance and support, as should children born as a result of sexual exploitation and abuse.

[9] See General Assembly resolution 62/214.

[10] Ibid., para. 5.

9. The Strategy defines children born as a result of sexual exploitation and abuse as children who are found by a competent national authority to have been born as a result of acts of sexual exploitation and abuse by United Nations staff or related personnel.[11]

Placing the Strategy in the broader context of protection from sexual exploitation and abuse

10. The implementation of the Strategy is an integral part of the measures undertaken by the United Nations system to prevent and address sexual exploitation and abuse. In this context, the Task Force on Protection from Sexual Exploitation and Abuse, co-chaired by the Department of Field Support and the Office for the Coordination of Humanitarian Affairs, is the current mechanism that provides the strategic guidance and supports common initiatives by the United Nations agencies and NGOs. The focus of the Task Force is fourfold: engagement with local populations, prevention, response, including assistance to victims, and management and coordination.

11. The Task Force provided critical inputs to the General Assembly ad hoc open-ended working group leading to the adoption of the Strategy. Thereafter, it focused on the development of guidance and tools for the operationalization of the Strategy. The "Sexual exploitation and abuse victim assistance guide: establishing country-based mechanisms for assisting victims of sexual exploitation and abuse by United Nations/NGO/intergovernmental organization staff and related personnel" for use by humanitarian, peacekeeping and development actors, which was drafted and finalized by the Office for the Coordination of Humanitarian Affairs in consultation with members of the Task Force, is the result of those efforts.

12. The guide was circulated in December 2008 for inputs from United Nations and NGO personnel in the field who might play a role in the implementation, and was finalized in April 2009. The guide provides practical direction for establishing victim assistance mechanisms and includes explanations of the provisions contained in the Strategy, such as who should receive assistance and support; what assistance should be provided; and how assistance should be provided. The guide notes that one key approach to implement the Strategy is to develop or maintain an inter-agency network on protection from sexual exploitation and abuse under the auspices of the resident coordinator. Those networks could then be tasked to develop an in-country victim assistance mechanism.

13. The Task Force, through the leadership of the Office for the Coordination of Humanitarian Affairs and the United Nations Development Programme (UNDP), also developed and piloted trainings for senior managers and focal points on protection from sexual exploitation and abuse on their responsibilities, including implementation of the Strategy. Personnel in at least five countries have now been trained on how to provide assistance and support under the Strategy, and the training packages are available for further training.

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[11] Furthermore, the revised model memorandum of understanding between the United Nations and troop-contributing countries indicates that paternity claims against military members of national contingents can be referred to Member States (see A/61/19 (Part III)).

Launching the implementation of the Strategy

14. Through the observations provided by the implementing partners in the field to whom the guide had been sent for review, it became clear that the seeds for inter-agency coordination on sexual exploitation and abuse work were being sown, but that considerable efforts were still needed to set up those coordination mechanisms at the country level. Partnerships at the country level have been generally weak and networks on protection from sexual exploitation and abuse have not been established in most countries. Those mechanisms and networks, however, are essential to the implementation of the Strategy, as identified in the guide, given that the Strategy calls for a United Nations-wide approach, thereby rendering inter-agency coordination critical. Partnerships between Headquarters and the field are also essential to implementation.

15. In March 2009, the United Nations Development Group (UNDG) approved revised generic job descriptions for resident coordinators that included responsibility for coordinating the establishment of networks on protection from sexual exploitation and abuse.[12] The United Nations Development Operations Coordination Office (UNDOCO),[13] which coordinates the resident coordinator system, became a member of the Task Force in early 2009. That was a positive step that enhanced or paved the way for joint efforts at the country level.

16. In view of the limitations mentioned above and the difficulties in general to foster new networks and mechanisms, discussions took place between the Department of Field Support, UNDOCO and the Office for the Coordination of Humanitarian Affairs on how best to coordinate the implementation of the Strategy, taking into account ongoing activities to prevent and address sexual exploitation and abuse. They resulted in a partnership to engage in a phased country approach that would address the concerns of the usually limited human resources capacity of the different entities and the varying levels of progress in protection from sexual exploitation and abuse. The first phase of the implementation of the Strategy focuses on 27 countries[14] where there is a large humanitarian, development and/or peacekeeping presence and where concrete and visible measures have already been undertaken to address sexual exploitation and abuse. Deputy Special Representatives of the Secretary-General and/or resident coordinators and humanitarian coordinators are present in each of those countries.

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[12] Specifically, the resident coordinator is responsible for ensuring that a network of focal points for the implementation of the provision contained in the Secretary-General's Bulletin on special measures for protection from sexual exploitation and sexual abuse is operational and supporting the development and implementation of a country-level action plan to address the issue.

[13] UNDOCO focuses on supporting and strengthening the resident coordinator system with funding, policy guidance and training on how to make country programmes more efficient, effective and aligned with national priorities, and work to streamline coordination mechanisms.

[14] Afghanistan, Burundi, Central African Republic, Chad, Colombia, Côte d'Ivoire, Democratic Republic of the Congo, Eritrea, Ethiopia, Georgia, Guinea, Haiti, Indonesia, Iraq, Kenya, Liberia, Myanmar, Nepal, Niger, Occupied Palestinian Territories, Pakistan, Somalia, Sri Lanka, Sudan, Timor-Leste, Uganda, Zimbabwe.

17. In the case of the eight peacekeeping operations[15] covering seven of these countries, conduct and discipline teams have been designated as focal points to follow up on the implementation of the Strategy. In the remaining 20 countries, the Office for the Coordination of Humanitarian Affairs requested Gender Standby Capacity Project (GenCap)[16] Advisers, where they were in place, and offices of the Office for the Coordination of Humanitarian Affairs to assist humanitarian coordinators in providing inputs on the implementation of the Strategy.

18. Further to the dissemination of the guide on establishing mechanisms for assisting victims of sexual exploitation and abuse, letters to the respective Deputy Special Representatives of the Secretary-General, resident coordinators and humanitarian coordinators were dispatched by the Under-Secretary-General of the Department of Field Support, the Under-Secretary-General and Emergency Relief Coordinator of the Office for the Coordination of Humanitarian Affairs and the Acting Chair of UNDG in April 2009, requesting information on any initiatives related to setting up a victim assistance mechanism and related activities.

19. In addition, in May 2009, a questionnaire was addressed to the headquarters and field offices of 16 agencies, funds and programmes[17] with a field presence to gather information on their efforts related to victim assistance.

20. The broader development community will be addressed in the next phase of implementation, once preliminary activities and partnerships are in place in the 27 countries. This will also enable the United Nations system to take into consideration lessons learned in the first phase.

III. Implementation of the Strategy and field practices

21. The following paragraphs provide information received from peacekeeping operations and United Nations country teams in 13 countries, as well as agencies, funds and programmes on their activities and the structures, policies and procedures that are in place or need to be established to set up a victim assistance mechanism.

[15] United Nations Mission in the Central African Republic and Chad (MINURCAT), United Nations Operation in Côte d'Ivoire (UNOCI), United Nations Organization Mission in the Democratic Republic of the Congo (MONUC), United Nations Stabilization Mission in Haiti (MINUSTAH), United Nations Mission in Liberia (UNMIL), United Nations Mission in the Sudan (UNMIS), African Union-United Nations Hybrid Operation in Darfur (UNAMID), United Nations Integrated Mission in Timor-Leste (UNMIT).

[16] GenCap Advisers: a pool of specialists on gender, ready to be deployed in humanitarian emergencies to support humanitarian country teams in mainstreaming gender equality and gender-based violence programming into all aspects of a humanitarian response, which is overseen and directed by the GenCap Steering Committee and the Secretariat. The project is managed by the Office for the Coordination of Humanitarian Affairs, and the Norwegian Refugee Council manages the contracts of the GenCap Advisers.

[17] United Nations Volunteers, United Nations Office for Project Services, United Nations Relief and Works Agency for Palestine Refugees in the Near East, International Labour Organization, Office of the United Nations High Commissioner for Human Rights, Office of the United Nations High Commissioner for Refugees, World Health Organization, United Nations Development Programme, United Nations Children's Fund, United Nations Development Fund for Women, United Nations Population Fund, United Nations Office on Drugs and Crime, United Nations Educational, Scientific and Cultural Organization, Food and Agriculture Organization of the United Nations, International Fund for Agricultural Development, World Food Programme.

Approximately 10 country teams have taken measures to either re-establish or set up networks on protection from sexual exploitation and abuse.[18] The guide on victim assistance is being utilized as a reference tool in discussions and planning, and there is a renewed effort to strengthen collaboration between the United Nations and local and international NGO stakeholders.

22. To prepare for the provision of assistance and support in accordance with the Strategy and as per the guide, efforts have included identifying existing programmes or services in the form of hospitals, clinics or organizations that provide medical assistance; facilities that provide legal advice or processes in the absence of a formal judicial system; and services that could provide counselling, emergency shelter, clothing and food in the form of community centres or "safe havens".

23. Programmes that prevent and address gender-based violence, including sexual violence, are good entry points in several countries for discussions and partnerships for the development of a victim assistance mechanism that supports the Strategy. These programmes vary per country and region and include rapid response and assessment teams, units for vulnerable persons and gender-based violence programmes within gender or protection sectors or units.

24. The humanitarian cluster approach[19] is also important to advance the Strategy. Missions in the Democratic Republic of the Congo, Côte d'Ivoire, Liberia and Timor-Leste have been making efforts to involve the protection cluster in discussions and planning related to the Strategy. In addition, 24 of the 27 focus countries are formally implementing the cluster approach.[20]

25. The support of the host Government has been identified as one of the more essential components in activities for protection from sexual exploitation and abuse, not only to ensure the success of measures and programmes, but also for their long-term sustainability. Host Governments are key stakeholders, and engaging in sensitization or training sessions with them and collaborating on campaigns and awareness-raising have been cited as examples of successful cooperation.

Activities and measures by country

26. In Chad, with the cooperation of the office of the resident coordinator and the peacekeeping mission leadership, several efforts are under way to involve various United Nations actors and, where possible, NGO partners. The resident coordinator has taken steps to define a road map to launch a victim assistance mechanism or programme for Chad in mid-2009 in coordination with the United Nations Mission in the Central African Republic and Chad (MINURCAT) and heads of agencies.

27. Côte d'Ivoire reports that discussions have taken place between the United Nations Operation in Côte d'Ivoire (UNOCI), the office of the Office for the Coordination of Humanitarian Affairs in Abidjan and the Office of the United

[18] Terms of reference for networks on protection from sexual exploitation and abuse were finalized and distributed by the Task Force on Protection from Sexual Exploitation and Abuse.

[19] In 2005 the emergency relief coordinator launched the independent "Humanitarian Response Review" of the global humanitarian system, which assessed the humanitarian response capacities of the United Nations, NGOs, Red Cross/Red Crescent Movement and other key humanitarian actors. The cluster approach was proposed as a way of addressing gaps and strengthening the effectiveness of humanitarian response through building partnerships.

[20] See www.humanitarianreform.org/humanitarianreform/Default.aspx?tabid=70.

Nations High Commissioner for Refugees (UNHCR), which heads the inter-agency protection cluster, in order to explore the development of a victim assistance mechanism. It is anticipated that a meeting of the protection cluster in mid-2009 will also establish a network on protection from sexual exploitation and abuse in order to coordinate efforts on victim assistance and other related areas.

28. In the Democratic Republic of the Congo, structures that provide services such as legal advice, sensitization, medical and psychosocial care and a few micro-credit support initiatives for victims of gender-based violence were identified in five locations: Kinshasa, Kananga (town), Equateur (province), Goma (town) and Oriental Province. Some structures exist all over the country but are not necessarily efficient. Because the existing structures are for victims of gender-based violence, the United Nations Organization Mission in the Democratic Republic of the Congo (MONUC) recommends that it would be of direct benefit to the network on protection from sexual exploitation and abuse and the United Nations country team if they were to liaise closely with the gender-based violence initiatives. Additionally, MONUC initiated and made two presentations in May and July 2008, at the protection cluster meeting and at the Humanitarian Advocacy Group meeting, on the importance of reactivating the network on protection from sexual exploitation and abuse.

29. In late 2008, the Office for the Coordination of Humanitarian Affairs and the United Nations Children's Fund (UNICEF) hired a consultant to carry out a rapid assessment of the actions the network should undertake to reach the objectives of the Strategy and establish a victim assistance mechanism in the Democratic Republic of the Congo. The assessment report[21] was discussed in the protection cluster and with the United Nations country team in 2009. The recommendations of the report included the re-establishment of the network on protection from sexual exploitation and abuse, including appointing a network coordinator; the designation of focal points, on a full-time basis if possible; and the provision of immediate and appropriate care as per the Strategy to complainants, victims and children born as a result of sexual exploitation and abuse. In June 2009, MONUC initiated further discussions with United Nations agencies at the Programme Management Team meeting and other United Nations country team meetings, wherein the Office for the Coordination of Humanitarian Affairs, the Joint United Nations Programme on HIV/AIDS (UNAIDS), the United Nations Population Fund (UNFPA), UNICEF and the United Nations Development Fund for Women (UNIFEM) expressed interest in participating and reactivating the network on protection from sexual exploitation and abuse. In this context, other related sub-groups on gender and sexual violence have also indicated their readiness to join efforts on protection from sexual exploitation and abuse, and those United Nations country team members who had not yet done so were asked to appoint focal points on protection from sexual exploitation and abuse.

30. The United Nations Stabilization Mission in Haiti (MINUSTAH) has initiated the revival of the network on protection from sexual exploitation and abuse, which was established in November 2005. The network's initial activities were aimed at harmonizing and disseminating a common code of conduct to all United Nations

[21] Esther Dingemans, "Review of mechanisms put in place by the international community in the Democratic Republic of the Congo to eliminate sexual exploitation and abuse by humanitarian aid" (2008).

funds, programmes and agencies in Haiti. More recently, the Mission has provided medical and psychological assistance to victims in cooperation with the Staff Counsellor's office in the Mission and in partnership with international non-governmental organizations. The Mission has reported that forming relationships with international non-governmental organizations, some of which have the capacity and expertise to give free services, is also important in trying to implement the Strategy.

31. In the light of the 2008 post-election violence and based on information available from assessments conducted at the time, a GenCap Adviser position was approved by the United Nations country team in Kenya. This allowed for dedicated personnel to focus on the task of establishing a network on protection from sexual exploitation and abuse. Focal points were appointed by all United Nations country team members and subsequently received three days of training on the subject and on their roles and responsibilities.

32. A network on protection from sexual exploitation and abuse was established in May 2009 in Nairobi with co-chairing by the resident coordinator and the Kenya Red Cross Society. The focus of the network has initially been on prevention (as part of an incremental or phased approach that may be taken, as described in sect. V), and so far extensive sensitization has been carried out in half-day training sessions in all field offices. Focal points have also been selected and have assumed their responsibilities in the area of prevention. Other activities include the addition of specific clauses on sexual exploitation and abuse in agreements with contractors, information sessions with partners and a review of orientation activities for new staff.

33. Liberia has a network on protection from sexual exploitation and abuse which is chaired by the Deputy Special Representative of the Secretary-General/resident coordinator/humanitarian coordinator and includes international non-governmental organizations and United Nations members. As early as June 2006, the United Nations country team pooled funds to hire a full-time expert on protection from sexual exploitation and abuse. This Coordination Officer brought together United Nations agencies and NGOs to implement and oversee the implementation of ST/SGB/2003/13 and the zero-tolerance policy on sexual exploitation and abuse. Since 2008, the new Coordinator has been supported through the United Nations Volunteer programme, but is still funded through pooled funds, and continues to work closely with the United Nations Mission in Liberia (UNMIL) and NGO partners. In other efforts, as part of the Government of Liberia/United Nations joint programme to prevent and respond to sexual and gender-based violence, a mapping of service providers has been conducted in the areas of health, psychosocial and legal protection and security. The national sexual and gender-based violence task force is chaired by the Ministry of Gender and meets monthly. Its membership includes the United Nations, NGOs and international non-governmental organizations, in addition to the Government of Liberia.

34. A one-day workshop, coordinated by the United Nations country team and UNMIL conduct and discipline team on 18 March 2009, brought together key stakeholders, including service providers, and national and international NGOs to review the Strategy and discuss practical aspects of its implementation in Liberia. The workshop provided an opportunity for participants to begin mapping the available services in the medical, legal, psychosocial, protection and other areas. It

also demonstrated the gaps in the level of preparedness for action by the United Nations and international and national NGOs. The majority of participants had not yet begun to implement the Strategy. The concerns raised by participants made clear the importance of coordinating responses of assistance and support to victims with those in place for victims of gender-based violence. Since then, terms of reference for the development of a victim assistance mechanism have been drafted and further discussion on actions to be undertaken at field level are planned to continue under the auspices of the network on protection from sexual exploitation and abuse.

35. On a smaller scale, the UNMIL conduct and discipline team coordinates a sexual assault and rape rapid response team, established prior to the adoption of the Strategy, which consists primarily of relevant UNMIL sections — medical, United Nations police (UNPOL), Office of Senior Legal Adviser, the HIV/AIDS Adviser, or Office of Gender Adviser — and UNICEF, depending on the age of the victim. The team is specifically activated to provide immediate assistance or support to victims of sexual assault or rape involving UNMIL personnel, and works closely with the resident Office of Internal Oversight Services investigator. In addition to existing services in UNMIL, such as medical or UNPOL, the team has established contact with an international non-governmental organization-run hospital that has trained nurses and a doctor to treat victims, as well as close contacts with a Safe Home whose newest facility was constructed with UNMIL quick-impact project funds.

36. At the community level, there are Protection Core Groups bringing together key protection stakeholders for a coordinated response to sexual exploitation and abuse. Currently, the Protection Core Groups are working collaboratively with county-based gender-based task forces to improve data collection and referral mechanisms and are instrumental in the development of community-based complaint mechanisms.

37. In March 2009, in Nepal, the resident coordinator/humanitarian coordinator requested all United Nations offices, funds and programmes and prominent NGOs/intergovernmental organizations to nominate focal points to participate in Nepal's network on protection from sexual exploitation and abuse. A UNDP-led learning event for senior managers encompassed modules on establishing a network on protection from sexual exploitation and abuse and a victim assistance mechanism. At the same time, focal points were trained on their roles and responsibilities. The trainings were delivered by UNDP and the Office for the Coordination of Humanitarian Affairs, respectively, under the auspices of the Task Force on Protection from Sexual Exploitation and Abuse. The network has also widely distributed within its rank the Secretary-General's Bulletin, which has been translated into Nepali by the United Nations Mission in Nepal.

38. At the first meeting of the Nepal network, held on 13 May 2009, the members established a subcommittee to draft a framework for the establishment of a victim assistance mechanism. The subcommittee will, inter alia, design a victim assistance mechanism based on the Nepali context and aimed at responding to the individual needs of victims across the five regions of the country. The subcommittee will assess existing formal and informal networks and identify existing assistance and support mechanisms to integrate them into the Nepal victim assistance mechanism, where possible.

39. In Somalia, United Nations agencies and international and national NGOs appointed focal points on protection from sexual exploitation and abuse and

alternates. To enable the focal points to understand their responsibilities and enhance their capacities, several trainings were organized in various locations. A network on protection from sexual exploitation and abuse was established in 2008, consisting of United Nations and non-United Nations members. It is coordinated and chaired by the Office for the Coordination of Humanitarian Affairs, with technical assistance provided by a GenCap Adviser, and with the United Nations Educational, Scientific and Cultural Organization (UNESCO) serving as co-Chair. Since its inception, the network has met regularly to share information and ideas and to develop and implement a national plan of action on protection from sexual exploitation and abuse. The network is based in Nairobi because of security concerns in Somalia. However, efforts to establish field-based networks are under way. Various community-based networks have been established in Bossaso, Galkayo, in Puntland, and in Hargheisa, Somaliland, and more are expected to be established by the end of 2009. The resident coordinator/humanitarian coordinator has also hosted a learning event on protection from sexual exploitation and abuse for senior managers from the United Nations country team and NGOs, facilitated by the Task Force on Protection from Sexual Exploitation and Abuse in November 2008, which provided managers the opportunity to review their responsibility for and discuss challenges to addressing sexual exploitation and abuse. Establishing protection from sexual exploitation and abuse mechanisms is a long process, and the hiring of a protection from sexual exploitation and abuse Coordinator for at least two years has been recommended.

40. The United Nations country team focal points on protection from sexual exploitation and abuse in the Sudan, together with the United Nations Mission in the Sudan (UNMIS), have established a working group to prevent and address sexual exploitation and abuse, including conducting joint activities to raise awareness among local communities and to inform them about focal points such as the conduct and discipline team. In the few reported cases of sexual exploitation and abuse, UNMIS and the United Nations country team have provided medical services and counselling where victims have come forward. A network on protection from sexual exploitation and abuse was established in June 2009 under the auspices of the Deputy Special Representative of the Secretary-General/resident coordinator/humanitarian coordinator and in collaboration with Southern Sudan offices and the African Union-United Nations Hybrid Operation in Darfur (UNAMID), in order to map out an implementation strategy on providing assistance to victims.

41. A task force on sexual exploitation and abuse was set up in Southern Sudan in 2007, which comprises the Government Director of Gender, the United Nations country team, UNMIS substantive units such as the conduct and discipline team unit, gender, civilian affairs, child protection and HIV/AIDS, and a network of local NGOs. Various inter-entity forums have included discussions to establish a mechanism to report sexual exploitation and abuse and provide assistance to victims. A GenCap Adviser now supports the Southern Sudan task force. A learning event for senior managers, supported by the Office for the Coordination of Humanitarian Affairs under the auspices of the Task Force on Protection from Sexual Exploitation and Abuse, was completed in July 2009.

42. The UNAMID conduct and discipline team was fully established in December 2008 and coordinates with the Office for the Coordination of Humanitarian Affairs and the resident coordinator/humanitarian coordinator offices in Khartoum on

misconduct issues related to sexual exploitation and abuse and the needs of victims. UNAMID has identified medical, legal and counselling services in the mission area and interacts regularly with the local authorities and population on complaints mechanisms and how to report allegations.

43. Timor-Leste reports that there are existing mechanisms that could be adapted or partnered with to provide assistance as per the Strategy. The Vulnerable Persons Unit of the National Police of Timor-Leste, which is currently co-managed by UNPOL, is responsible for responding to incidents of domestic violence and gender-based violence within the local community, and is one of the channels for the receipt of complaints against United Nations personnel. The Deputy Special Representative of the Secretary-General/resident coordinator/humanitarian coordinator has been identified as the focal point for implementation of the Strategy in Timor-Leste, with support from the conduct and discipline team. The majority of United Nations agencies have focal points on sexual exploitation and abuse, and the United Nations system undertakes activities to collaborate in assisting and supporting victims of sexual exploitation and abuse.

44. There is no formal network on protection from sexual exploitation and abuse in place in Timor-Leste, but the United Nations Integrated Mission in Timor-Leste and the United Nations country team report that there are forums that could be approached as they address some of the tasks detailed in the terms of reference for the network on protection from sexual exploitation and abuse. One such forum is the Protection Cluster Timor-Leste,[22] which is convened by the Government in partnership with the Deputy Special Representative of the Secretary-General/resident coordinator/humanitarian coordinator and aims at ensuring a coordinated, coherent and effective response by humanitarian, human rights and other actors to respond to protection concerns in the country.

Activities at the regional level

45. The Task Force on Protection from Sexual Exploitation and Abuse delivered two regional trainings for focal points in Africa and Asia, held in South Africa and Indonesia, respectively. The aim was to train focal points who could in turn replicate the training in the countries where they work. The training package includes a module on victim assistance.

Activities reported by agencies, funds and programmes

46. Specific efforts by agencies, funds and programmes on protection from sexual exploitation and abuse and on implementing the Strategy include prevention activities such as training and dissemination of official policies and strategies. Some

[22] The Protection Cluster Timor-Leste brings together in one forum: the United Nations system in Timor-Leste, Humanitarian Coordination Unit, Administration of Justice Support Unit, Gender Affairs Unit, and the conduct and discipline team of UNMIT, UNICEF, WFP, the International Organization for Migration, the World Health Organization, UNFPA and UNIFEM; Government bodies or agencies engaged in humanitarian or human rights work, including the Ministry of Social Solidarity, the Provedoria, and the Secretary of State for the Promotion of Equality; national and international NGOs and agencies, including donors, engaged in protection activities; and members of the Red Cross Movement.

agencies have set up internal reporting mechanisms and have focal points on sexual exploitation and abuse. Others have partnered with or are willing to collaborate with United Nations country team partners to set up victim assistance mechanisms and to provide support in the form of services they have access to through other programmes, such as medical, social and legal services. The following activities are in addition to the work done by countries, the Department of Field Support, the Office for the Coordination of Humanitarian Affairs and UNDP that has already been mentioned.

47. Since 2007, UNDP has chaired the Task Force working group on field support. After assessing the needs of partners in the field, UNDP focused on the development of a learning event for senior managers and the website of the Task Force to provide the context needed for focal points assuming their tasks and responsibilities.

48. In June 2009, UNHCR published the "Facilitator's manual: UNHCR Code of Conduct Facilitators guide", which is available to all staff members and includes the Strategy and other documents on protection from sexual exploitation and abuse. The manual will be used in annual refresher code of conduct training sessions that will take place both in the field and at Headquarters. UNHCR is also planning the dissemination of the Strategy to field offices and requesting all country operations to ensure that provisions of the Strategy are integrated into the Office's Standard Operating Procedures. In addition, as part of the outputs for the coming year for the Task Force on Protection from Sexual Exploitation and Abuse, UNHCR will produce a guide on how to establish community-based complaints mechanisms, which will be widely disseminated to peacekeeping, humanitarian and development partners in the field.

49. UNICEF was actively involved in the drafting of and efforts leading up to the adoption of the Strategy. The Fund continues to provide inputs on and support for protection from sexual exploitation and abuse and on the implementation of the Strategy at Headquarters as a member of the Task Force and in the field. UNICEF has conducted trainings in various field offices on child protection as related to sexual exploitation and abuse, including for focal points. It has also provided training to national and international NGO partners on their roles in implementing the Strategy. As a member of the United Nations country team in the Central African Republic, the Democratic Republic of the Congo, Côte d'Ivoire, Nepal, the Sudan, Indonesia, Somalia, Kenya, Sri Lanka and other focus countries, UNICEF has either coordinated or contributed to specific efforts, such as the setting up and maintenance of gender-based violence programmes.

50. UNFPA has gender-based violence programmes that assist victims of violence in countries where it undertakes comprehensive programming on humanitarian response mechanisms.

51. The United Nations Office for Project Services (UNOPS) has taken steps in the area of prevention by disseminating various documents, including ST/SGB/2003/13, and posting links on the Intranet on protection from sexual exploitation and abuse. UNOPS has an independent senior staff Ethics Officer. It has disseminated the zero-tolerance policy on sexual exploitation and abuse to its staff through various media. UNOPS field offices have been encouraged by Headquarters management to collaborate with United Nations country team partners on setting up victim assistance mechanisms.

52. The United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA) has made efforts to disseminate ST/SGB/2003/13 and the Strategy in Arabic. UNRWA has designated agency-wide field focal points on sexual exploitation and abuse and has also translated essential outreach material on protection from sexual exploitation and abuse into Arabic, including information sheets for local communities. UNRWA has clinics, schools, social services and psychological support services where staff and focal points are sensitized to issues related to gender and children.

53. The World Food Programme (WFP) has disseminated to its entire staff the Executive Director's Circular on special measures for protection from sexual abuse and exploitation in humanitarian crises. The Circular, drafted in 2005, reinforced the provisions under ST/SGB/2003/13 and added language to reflect that WFP Country Directors are held responsible for, inter alia, appointing senior level focal points and alternates on sexual exploitation and abuse. The Circular is currently under review to provide for updates since 2005.

54. Like the United Nations, NGOs have made progress in strengthening measures to address sexual exploitation and abuse, including the prerequisites for implementation of the Strategy. In addition to achievements by individual NGOs, since its inception in 2004, the Building Safer Organizations project, now part of Humanitarian Accountability Partnership (HAP) International, has been helping NGOs apply principles of good complaints and response systems to cases of sexual exploitation and abuse by, for example, training them on the conduct of investigations and on promoting implementation of common standards on protection from sexual exploitation and abuse. Other international non-governmental organization members of the Task Force on Protection from Sexual Exploitation and Abuse, such as InterAction, Oxfam, Save the Children UK, the International Rescue Committee and the Steering Committee for Humanitarian Response, have also contributed to strengthening efforts on protection from sexual exploitation and abuse.

IV. Challenges

55. General Assembly resolution 62/214 on the Strategy "calls upon relevant organizations of the United Nations system, and invites specialized agencies, to engage in an active and coordinated manner in the implementation of the Strategy", with the support of civil society. In order to engage in implementation activities, two key mechanisms on protection from sexual exploitation and abuse have been identified and highlighted by the implementing partners as the minimum prerequisites for the implementation of the Strategy: (a) networks on protection from sexual exploitation and abuse; and (b) community-based reporting and complaints mechanisms. The absence or weakness of these mechanisms accounts for some of the main challenges in implementing the Strategy and other policies on protection from sexual exploitation and abuse. Additional challenges include leadership at the inter-agency level, resource commitment by agencies, cultural perceptions, sensitization of the local population, funding, security, and general economic and political instability.

56. Building partnerships can be difficult and time consuming. The existence of just a few networks is an indication of the challenges that United Nations country

teams, peacekeeping operations and NGOs had in trying to establish cooperation and response mechanisms to jointly address sexual exploitation and abuse and victim assistance.

57. The perception that sexual exploitation and abuse is mainly a "peacekeeping" problem, at least in countries where there is a peacekeeping operation, as reported by some partners, has resulted in the hesitation of some entities to partner with mission structures such as conduct and discipline teams. However, as documented in the annual reports of the Secretary-General on special measures for protection from sexual exploitation and sexual abuse[23] and in other United Nations and NGO reports,[24] the problem occurs in humanitarian and development settings as well.

58. The lack of information in the local communities of the existence of a United Nations policy on protection from sexual exploitation and abuse and of the existence of reporting and assistance mechanisms for victims of sexual exploitation and abuse is another challenge that must be addressed.

59. While internal reporting mechanisms have been established and understood by United Nations personnel, community-based reporting and complaints mechanisms have not been set up in most countries. The establishments of such external reporting mechanisms are, however, essential to enable complainants and victims to come forward.

60. Even where reporting is possible, other factors such as cultural perceptions can hinder the reporting of allegations of sexual exploitation and abuse and in turn their effective processing, including assistance to the victims. Some societies may be more open than others, and in communities where survival sex is prevalent, there may be the fear of losing money, employment, goods or services if allegations are reported. The lack of or inefficient legal or judicial mechanisms can cause victims to either let the sexual exploitation and abuse go unaddressed or pursue more traditional methods within their communities to resolve complaints. The 2008 Save the Children UK report *No One to Turn to: The under-reporting of child sexual exploitation and abuse by aid workers and peacekeepers* identified, in chapter 7, similar reasons for such underreporting based on its research and fieldwork in Côte d'Ivoire, Haiti and Southern Sudan.

61. Kenya has shared that the absence of reporting of incidents is the most significant challenge that their network on protection from sexual exploitation and abuse faces and has learned from setting up a complaints mechanism for displaced persons. An effective, safe and accessible complaints system is essential in order to identify and assist complainants and victims. To establish such a system, the network is undertaking the task of identifying existing agency complaints systems, drafting a sexual exploitation and abuse complaints system for management approval and holding consultations with communities. Active participation by potential and actual beneficiaries is a vital but complex and time-consuming

[23] Pursuant to General Assembly resolution 57/306, A/58/777, A/59/782, A/60/861, A/61/957, A/62/890 and A/63/720.

[24] "Sexual Violence and Exploitation: The Experience of Refugee Children in Liberia, Guinea and Sierra Leone — Report of Assessment Mission carried out from 22 October-30 November 2001" (United Nations High Commissioner for Refugees, Save the Children UK, January 2002); "To Complain or Not to Complain: Still the Question: Consultations with humanitarian aid beneficiaries on their perceptions of efforts to prevent and respond to sexual exploitation and abuse" (HAP International, June 2008).

element of the process. The Sudan, as well as UNMIS and the United Nations country team, reports similar challenges in establishing complaints mechanisms within the United Nations system and among partners.

62. Liberia reports reluctance by victims to undergo formal judicial processes owing to varying levels of efficiency or availability of such legal and judicial services, transport expenses and intimidation by the local community. Survival sex is also prevalent and sexual exploitation is not necessarily viewed by the local community as a priority concern compared to pressing socio-economic issues.

63. Paradoxically, even if incidents are reported, the identification of and access to complainants are often challenging. The cooperation of and partnership with local and international NGOs play an important role here. It has been observed that there may be reluctance on the part of those partners to share information on victims with the United Nations. This may be due to the need to protect the identity of complainants (such as minors), but also to the level of trust those partners place in the ability of the United Nations system to deal with such issues in a confidential and effective manner. In other instances, complainants may be difficult to identify, given that the information provided is sometimes limited when allegations are reported.

64. Another challenge is the lack of designated funding or budgets to support elements of the Strategy. Although in some contexts it will be possible to implement the Strategy without additional funding, resources may be required for instance in countries that are geographically large or lack pre-existing referral networks, such as those on gender-based violence. In the Democratic Republic of the Congo, the size of the country makes it difficult to coordinate a victim assistance mechanism without extensive travel and the existence of focal points on sexual exploitation and abuse in local communities. Funding for a consultant to gather information on existing services is being sought at the country and Mission level.

65. Finally, external factors also have an impact. For example, in Darfur, activities on protection from sexual exploitation and abuse and access to victims is affected by security and logistical considerations and poor communications systems. Security is also an issue in Afghanistan and Iraq, where unstable political situations and ongoing conflicts make the day-to-day work of the United Nations and NGOs challenging.

V. Lessons learned

66. As identified in the challenges, a major lesson learned on the implementation of the Strategy is the need to have a common structure, such as networks on protection from sexual exploitation and abuse in place. Ideally, these networks should include the United Nations country team, the humanitarian country team where in place, peacekeeping operations where present, and NGOs and local partners such as the local authorities, where possible. The existence and availability of reporting or complaints mechanisms, particularly in rural areas, are also considered essential.[25]

[25] Collaborative efforts are increasing in countries in this regard; i.e., in late April 2009, members of the protection from sexual exploitation and abuse network in Kenya attended a specialized training delivered by HAP International on developing complaints and response mechanisms.

67. In general, the concept of sexual exploitation and abuse is little understood by the population at large. In a context of gender inequality, poverty and unequal power structures, abuse and exploitation are commonplace, expected and widespread. Where local communities do not understand what constitutes sexual exploitation and abuse and that the United Nations policies on the issue are very strict, it is difficult for them to come forward to report it when it occurs and to request assistance. In Southern Sudan, the success of the outreach campaigns organized by UNMIS in partnership with United Nations agencies, international non-governmental organizations and the Government has created more awareness and increased the demand by local law enforcement authorities for training on addressing the occurrence of sexual exploitation and abuse and on United Nations standards of conduct. As an example, Southern Sudan Police Services attend Mission-organized events and activities.

68. Given the time that it takes and the difficulties already mentioned to establish coordinated mechanisms at the country level, some countries and entities have found that an incremental or phased approach on protection from sexual exploitation and abuse can lay the groundwork for a mechanism on victim assistance. Prevention activities, including training, designating focal points and setting up a network on protection from sexual exploitation and abuse, could be the foundation for setting up other mechanisms.

69. The funding of protection from sexual exploitation and abuse, including the Strategy, has been highlighted as an issue by a number of partners. As noted earlier, specific projects will require funding such as to establish or facilitate the establishment of coordination capacities. The guide on victim assistance provides some options on how to fund such mechanisms, including the possibility of pooling funds at the country level. By way of example, quick-impact projects have been used in the Democratic Republic of the Congo, Haiti and Liberia to fund specific and time-bound activities. In the Democratic Republic of the Congo, quick-impact projects were used to support victims of gender-based violence, and MONUC is now looking at the possibility of seeking support from quick-impact projects for further assistance to victims.

70. The anticipated high number of victims requesting basic or longer term assistance has not materialized since the Strategy was adopted. While a review may be considered to identify additional causes, the factors mentioned under section IV above are relevant in this regard; i.e., lack of information, fear of reporting, and lack of trust or availability of reporting mechanisms. However, unless and until visible results are accomplished, complainants and victims may not feel confident to come forward.

71. Among some of the good practices at the country level, it is worth noting that in 2008 and 2009, the Office for the Coordination of Humanitarian Affairs and UNDP, under the auspices of the Task Force on Protection from Sexual Exploitation and Abuse, initiated a best practice series: conversations with resident coordinators and humanitarian coordinators.[26] These conversations provided insights into efforts made by senior leaders in the field and the impact that such leadership commitment has on advancing the implementation of policies and structures.

[26] Conversations on efforts on protection from sexual exploitation and abuse took place with the current resident coordinators/humanitarian coordinators of Kenya, Libyan Arab Jamahiriya and Somalia, and with the former resident coordinator/humanitarian coordinator of Liberia.

VI. Conclusions and the way forward

72. The approval in December 2007 of the Comprehensive Strategy on Assistance and Support to Victims of Sexual Exploitation and Abuse by United Nations Staff and Related Personnel was seen as a policy breakthrough in the sensitive and challenging areas of the work of the United Nations in the field. The introduction of any new policy in a complex and multicultural environment encounters many challenges, in terms of the establishment of new mechanisms, internal coordination and the integration of outside partners. It requires commitment, time and resources from a multitude of actors. While progress thus far may not be as visible as was possibly expected at the time of adoption of the Strategy, significant inroads have been made towards future provision of assistance and support to victims, as noted in this report. The commitment of the leadership of the various entities of the United Nations system and NGO partners at Headquarters and in the field is essential to continue the implementation of the Strategy and to take the actions set out in this report to build a credible, trusted victim assistance programme.

73. At the strategic global level, in 2009, the Task Force on Protection from Sexual Exploitation and Abuse recognized that a strategy and a programme of action on protection from sexual exploitation and abuse need to be better institutionalized within existing structures of high-level management and policy decision-making, such as UNDG, the High-level Committee on Management, the Inter-Agency Standing Committee and the Global Humanitarian Platform, where accountability mechanisms for prevention and response can be developed and implemented. This plan for institutionalization resulted in renewed commitments and the decision to conduct a review or stocktaking of protection from sexual exploitation and abuse in humanitarian and development settings. At the same time, options are being actively pursued to better anchor the work on protection from sexual exploitation and abuse at the strategic level of the Organization, including partnerships with NGOs. It is anticipated that these initiatives will have a direct impact on strengthening the institutional commitment to and accountability frameworks for implementation of the Strategy among other measures on protection from sexual exploitation and abuse.

74. The implementation of the Strategy should, therefore, continue to be fully integrated into the work of the Task Force on Protection from Sexual Exploitation and Abuse. In this connection, the Task Force is developing a funding proposal to address some of the critical gaps such as reporting mechanisms and tools and the financing of a pool of protection from sexual exploitation and abuse experts to support networks and their implementation of the Strategy. At the country level, additional efforts are needed to establish or maintain networks and access to complaints mechanisms to facilitate the implementation of the Strategy. Broad participation and consultation is also recommended with United Nations partners, national authorities, and international and national NGO communities, where possible. A flexible approach on implementation could be considered depending on the circumstances specific to each country.

75. The issue of identification and access to victims should be critically reviewed and discussed with all partners. The Strategy adopted in December 2007 should be evaluated, taking into account the realities on the ground and the identified challenges in its implementation, to ensure that the provisions of the Strategy are in consonance with the needs of complainants and victims.

76. A well researched and professional communication strategy on protection from sexual exploitation and abuse, which is simple and comprehensible and resonates with the community, is the indispensable complement to the implementation of the Strategy. Such sensitization and communication campaigns should be integrated and/or coordinated in the awareness-raising responsibilities of conduct and discipline teams and focal points on sexual exploitation and abuse.

VII. Action requested by the General Assembly

77. **The General Assembly may wish to:**

- **Take note of the activities reported in the present report;**
- **Recommend continued implementation of the Strategy as indicated in paragraphs 72 to 76 of the present report.**

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Sixty-fourth session
Item 53 (a) of the provisional agenda*
Macroeconomic policy questions

International trade and development

Report of the Secretary-General

Summary

The current global financial and economic crisis has emerged after two decades of globalization, which deepened interdependence among nations. Coming after a series of recent development crises affecting financial systems, food and energy security, commodities, health, water and climate change, the crisis threatens to reverse progress made in the fulfilment of the Millennium Development Goals. The crisis has hit hard international trade, the dynamic growth of which had sustained a rapid growth in many parts of the world. Prevailing development models and export-led growth strategy requires careful rethinking. International cooperation within a coherent global governance framework is essential in addressing global challenges. The international trading system can play an important role in reinvigorating the role of trade as an engine of growth and development, including by delivering in full the development agenda of the Doha Round. The United Nations has a central role to play in catalysing a coherent global response to the crisis and beyond, involving all countries and supporting development.

* A/64/150.

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I. Introduction

1. The present report has been prepared pursuant to General Assembly resolution 63/203, in which the Secretary-General, in collaboration with the secretariat of the United Nations Conference on Trade and Development (UNCTAD), was requested to submit to the Assembly at its sixty-fourth session a report on international trade and development.

II. Global development crises and global governance

2. An economic and financial crisis of a scale and magnitude unprecedented since the Great Depression in the 1930s has transformed the global economic landscape. The crisis emerged as the mortgage market in the United States of America collapsed in 2007. Failures and attempts to rescue major financial institutions in the United States and Europe since September 2008 led to a general loss of confidence in markets, which resulted in a severe shortage in credit and liquidity, as investors hurried to reduce their risk exposures and deleverage their portfolios. Many developing countries relying on external borrowing suffered from capital outflows, in some cases requiring balance-of-payments support from the International Monetary Fund (IMF). Household consumption and corporate investment receded rapidly worldwide as uncertainty prevailed. The rapidly shrinking global demand led to an abrupt, sharp and synchronized contraction of international trade, which transmitted the crisis globally.[1]

3. The resulting economic downturn has undermined opportunities for jobs, growth, and economic and social well-being. While the crisis emerged in a developed economy, its effects are global and felt by developing countries, particularly least developed countries and countries with weak and vulnerable economies. The crisis has amplified the development crises that were already affecting basic human needs and that had undermined financial systems, causing poverty, resulting in food and energy insecurity and volatility of commodity prices, and posing a threat to access to essential services and infrastructure as well as health and environmental sustainability. The recent outbreak of the influenza A(H1N1) pandemic could further affect recovery.

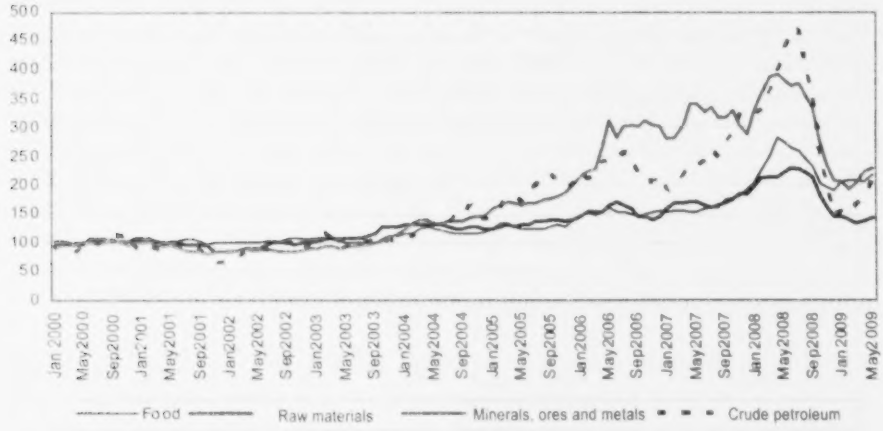
4. The crisis is expected to reverse hard-won progress towards the fulfilment of the Millennium Development Goal and poverty reduction targets for 2015. The World Bank estimates that the level of exposure to the effects of the crisis is high for over 40 per cent of developing countries and that in 2009, 55 to 90 million more people than previously expected will be living below the poverty line. The Department of Economic and Social Affairs of the United Nations Secretariat estimates that 105 to 145 million more people would remain poor or fall into poverty in comparison with a situation in which the pre-crisis growth would have continued. The strongest effects of the setback would be felt in East and South Asia, with from 95 to 132 million likely to be affected, about half of whom are in India. In Africa, 5 to 7 million more people and an additional 4 million in Latin America and the Caribbean would remain in poverty.

[1] See *The global economic crisis: systemic failure and multilateral measures* (UNCTAD/GDS/2009/1) and "Global economic crisis: implications for trade and development" (TD/B/C.I/CRP.1).

5. Increasing poverty and lower government revenue could lower public and private spending on social services, affecting other Millennium Development Goals. Such adverse effects could include: 200,000 to 400,000 more annual infant deaths between 2009 and 2015; an increase in the number of people living with chronic hunger from 960 million in 2008 to over 1 billion in 2009; reduced prospects for gender parity in tertiary education and other targets on the empowerment of women; serious adverse impacts on health and education outcomes; and increased financial constraints in building infrastructure, including those needed to mitigate climate change.

6. The persistent global food crisis has underscored in particular the significant risk of chronic hunger, malnutrition and adverse consequences related to health. Although agricultural commodity prices have declined from their peak in mid-2008, they remained at a historically higher level than pre-2007 averages (see figure I). Owing to factors that include demographic change, demand-supply imbalance, climatic conditions, biofuel production and high oil prices, it is estimated that real average prices for almost all food products in the coming 10 years will be considerably higher than those during the past 10 years.[2] Real prices for rice and wheat will be 10 to 20 per cent higher. High prices and shortages of food, coupled with decreasing household incomes, could have particularly adverse effects on the ability of the poor to access food. Reinvesting in agriculture in order to enhance productive capacities and improving access to food are important. The Group of Eight Summit agreed on the amount of $20 billion to support the development of sustainable agriculture to increase food security, representing a shift from the provision of food aid, which adversely affected supply responses.

Figure I
Commodity price indices
(2000=100)



Source: UNCTAD.

[2] Organization for Economic Cooperation and Development — Food and Agriculture Organization of the United Nations, "Agricultural outlook 2008-2017" (Paris, 2008).

7. Recent fluctuations in energy prices have been a major factor affecting macroeconomic health in all countries. The price of oil rose from below $40/barrel in January 2005 to its peak at $147 in July 2008 before falling sharply to a five-year low of $33 in December 2008, and is now traded at $65 to $70. Falling oil prices have been a stabilizing factor for net-energy importers suffering from higher import bills and inflationary pressures. Oil exporters have been confronted with negative terms-of-trade shocks and lost export revenue. While some exporters entered the crisis with better fiscal positions thanks to windfall revenue during the boom, others which rely heavily on oil exports have suffered from falling revenue, a deteriorated external balance and government spending cuts. Energy prices are expected to remain at a high level, especially given the continuing increase in demand in emerging economies. The key challenge remains to ensure access to sufficient and reliable energy sources.[3]

8. Global warming is a major challenge to humanity. In the short term, climate change mitigation and abatement measures aimed at de-carbonizing the economy and reducing greenhouse gas emissions could limit the ability of countries to produce and trade.[4] With their relatively high emission intensity, developing countries would face significant costs for technological adaptation for higher energy, efficiency of materials and resources, investment in sustainable agriculture and renewable and sustainable energy. Countries implementing cap-and-trade systems for greenhouse gases may introduce carbon border taxes on imports from countries without similar commitments to offset differentials in competitiveness, which would necessitate a harmonization of norms under environmental and trade governance systems. Without global cooperation, emission-intensive production could be relocated to countries with weaker environmental regulations.

9. The unprecedented scope and severity of the current economic crisis, combined with the persistent and interconnected nature of recurrent global crises, points to the significant challenge of global governance facing the international community. The speedy transmission of the crises across the globe and increased income inequality and poverty across and within countries have raised concerns over the pace and nature of globalization. The fragmented governance systems over development, trade, finance, monetary policies, technology, labour and the environment are faced with the challenge of formulating a new, coherent paradigm conducive to realizing inclusive and equitable growth and development, guided by the internationally agreed development goals, in particular the Millennium Development Goals. The United Nations is being called upon to play a central role in catalysing such a paradigm.

III. Global financial and economic crisis

10. The causes and effects of the crisis are complex and manifold. Global macroeconomic imbalances accumulating over years of strong consumer demand in developed countries that were running large current account deficits, financed mainly by surpluses in East Asian and oil exporting countries, played a significant role in precipitating the crisis. Coupled with the extensive deregulation of financial markets and excess liquidity prompted by low real interest rates, those imbalances

[3] See "Report of the Trade and Development Commission on its first session" (TD/B/C.I/5).

[4] UNCTAD, Trade and Environment Review 2009 (to be issued).

encouraged leveraged excessive risk-taking in search of high profits without links to the real economy. Behind the strong saving-investment imbalance lay excessively high household consumption backed by borrowing. The crisis revealed that regulation and market supervision were inadequate.

Box 1

Regulatory and institutional dimension of financial services[4]

The crisis exemplified the paramount importance of regulatory and institutional frameworks in infrastructural services. The financial market boom that preceded the crisis was not matched by adequate national and global market regulations. The regulatory failure in the new deregulated environment became manifest with regard to the control of product safety for complex and high-risk financial products, consumer protection, management of risks and leverage, regulation of non-traditional financial institutions, credit-rating agencies, assessment of systemic risk, capital adequacy regulation, moral hazard and incentive structure for compensation systems. Sound national regulations and institutional frameworks adapted to individual countries' conditions and capacities, and international regulatory cooperation, are essential in preventing future crisis.

[4] Report of the Multi-year Expert Meeting on Services, Development and Trade: the Regulatory and Institutional Dimension on its first session (TD/B/C.I/MEM.3/3 and Corr.1. See also background note for the meeting (TD/B/C.I/MEM.3/2).

11. As the crisis spread to real economies, output slipped into unprecedented negative growth of -7.5 per cent for developed countries and -4.0 per cent for emerging economies in the fourth quarter of 2008. With a contraction of 2.6 per cent projected for 2009 from positive growth of 2.1 per cent in 2008, the world is confronted with the worst recession in over 60 years.[5] An expected decline of per capita output in 2009 in countries representing three fourths of the global economy makes the recession truly global.

12. Developing countries are expected to see their growth significantly decelerating from 5.4 per cent registered in 2008 to only 1.4 per cent in 2009. While countries with emerging and larger developing economies, having access to the global capital market, were adversely affected by reduced credit availability, others were affected mainly through real economy channels, mostly by weak global import demand and concurrent falling commodity prices, and shrinking financial inflows through foreign direct investment and remittances. At the regional level, in 2009, the growth of gross domestic product (GDP) in Africa is projected to fall from 5.4 to 1.4 per cent, in sub-Saharan Africa from 4.7 to -0.1 per cent, in Latin America and the Caribbean from 4.0 to -1.9 per cent (from 3.9 to 0.7 per cent in the Caribbean), in East and South Asia from 6.2 to 3.2 per cent, and in Western Asia from 4.5 to 0.7 per cent. Economies in transition would see a reversal of growth from 5.3 to -5.1 per cent. Least developed countries could see their GDP fall from 6.1 to 2.7 per cent.

[5] United Nations, *World Economic Situation and Prospects 2009* (updated as of mid-2009).

13. Reduced access to credit and falling levels of exports, in particular of manufactured products, have had an adverse impact on export-oriented economies in East and South-East Asia. Effects on larger Asian countries are less pronounced owing in part to their diversified and large domestic markets, which show a measure of decoupling. Falling commodity prices have had an adverse impact on commodity exporters. Sub-Saharan Africa has been hard hit by reduced demand and commodity prices, and lower remittances, tourism revenues and inflows of foreign direct investment. Countries with economies in transition have been severely affected by capital outflows and falling energy and mineral prices. Structurally weak, vulnerable and small economies, which typically have a high ratio of exports to GDP and depend on a few export commodities, tourism revenue and remittance, have been vulnerable to declining trade volumes, food prices and tourism and remittance inflows.

14. Global unemployment is projected to rise from 5.9 per cent in 2008 to a level of 6.5 to 7.4 per cent in 2009. The number of unemployed is expected to increase by 59 million compared with 2007 pre-crisis levels, from 180 million to 210 to 239 million. This increase is estimated to comprise 11 to 17 million in developed countries and 19 to 42 million in developing countries.[6] Already in May and June 2009, the unemployment rate reached 9.5 per cent in the United States and 9.2 per cent in the European Union. In developing countries, job cutbacks have been greatest in export-oriented activities, in particular manufacturing, commodities and tourism, as well as in construction, giving rise to a reversal in rural-to-urban migration flows or the informal economy. The slower pace of adjustment of the labour market implies that the full social effects of unemployment remain to be felt and will endure even after production rebounds.

Policy responses

15. National crisis-mitigating measures were targeted to restore confidence in the financial sector and provide fiscal stimuli through expansionary counter-cyclical fiscal and monetary policies to boost aggregate demand. Fiscal stimuli implemented globally as of June 2009 could reach $1.6 trillion, with $1.3 trillion (3.6 per cent as a share of their GDP) pledged by developed countries and $360 billion (2.8 per cent) by developing countries. Those packages include some particularly significant measures announced by China, Mexico, Spain and the United States. The sustainability of those measures poses challenges as interest rates approach zero and budget deficits require consolidation. Developing countries have found it difficult to conduct counter-cyclical policies due to fiscal constraints.

16. Large-scale expansionary market intervention marked a stark contrast with the pro-cyclical deflationary policies advised by international financial institutions and developed countries during the financial crisis in the past. It is now widely accepted that markets cannot self-regulate: the systemic dysfunction of financial markets seriously challenged the predominant neo-liberal economic doctrines built on the premise of a self-regulating market and underscored the urgent need to redefine States' role in regulatory and institutional frameworks. Developed countries have shifted away from free market-based forms of economic governance to exploring a bigger role for the State in economic management. Increasingly, governments are involved as "enabling and development States" in promoting sustainable and

[6] International Labour Organization, Global Employment Trends 2009.

inclusive development by taking pro-active fiscal measures, improving regulation, institutions and incentives to encourage productive capacities, economic diversification and social safety nets.

17. International stimulus measures were considered important in increasing global demand as the fear of fiscal leakage and asymmetric fiscal positions have prevented some countries from increasing spending to a significant extent. In April 2009, the Group of Twenty Summit agreed, most significantly, to increase IMF resources with an immediate injection of $250 billion and raise its capacity to $750 billion; to ensure the availability of at least $250 billion over two years to support trade finance; and to refrain from protectionism and support the conclusions of the Doha Round.

Box 2
Group of Twenty commitment on protectionism

At the Summit, held in London on 2 April 2009, members of the Group of Twenty reaffirmed and extended until the end of the year 2010 their commitment to refrain from raising new barriers to investment and trade and from imposing new export restrictions or implementing inconsistent measures of the World Trade Organization to stimulate exports. They further agreed to minimize any negative impact on trade and investment of domestic policy actions, including those taken to support their financial sectors, and to refrain from financial protectionism that might constrain global flows of capital, especially to developing countries.

18. The growing consensus on the need for a more inclusive global response led to the convening by the United Nations of the Conference on the World Financial and Economic Crisis and its Impact on Development from 24 to 26 June 2009 at Headquarters. The Conference agreed on a series of measures to address the current crisis and prevent future crises.[7] The General Assembly will follow up on various issues through an ad hoc open-ended working group.

Prospects for recovery

19. With the emerging signs of stabilization, the timing of an exit strategy from extraordinary measures has become a salient policy issue. To restore confidence, national financial regulatory reform has been initiated to overhaul regulations and supervisions. A critical issue is the timing and speed of recovery. Various projections now point to a return to positive growth of the world economy in 2010 in the range of 1.6 to 2.0 per cent. The much-awaited "V-shaped" recovery depends on the effectiveness of policy actions and other underlying factors. Downside risks associated with a prolonged "L-shaped" recession include a continued demand gap associated with persistent high unemployment and risk aversion, ineffectiveness of fiscal and monetary policies, eroding credibility in debt sustainability, deflationary expectation and continued lack of confidence in financial systems. Experience

[7] See General Assembly resolution 63/303, annex.

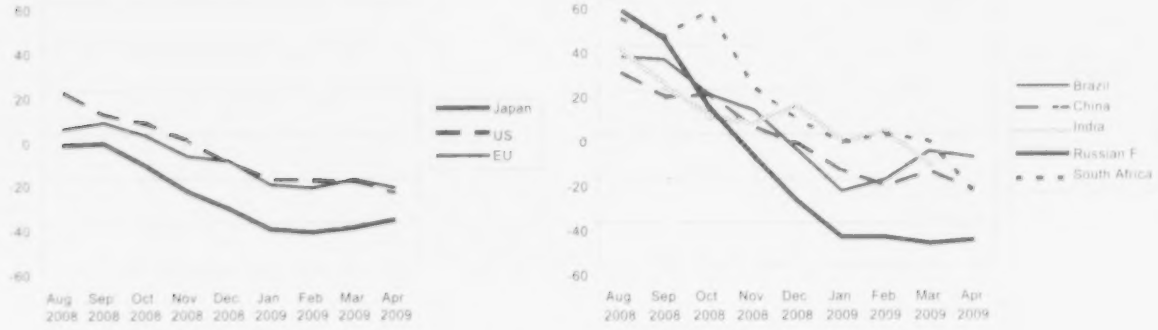
shows that the failure of the exit strategy could further prolong the recession and exacerbate the impact of poverty if adequate social safety nets are not put in place.

IV. Effects on international trade

Merchandise trade

20. The deep and synchronized contraction of international trade characterizes the current crisis. The rapid fall of demand for imports since October 2008 led to a corresponding drop in exports worldwide. The value of total merchandise exports of Organization for Economic Cooperation and Development (OECD) countries fell by 13 per cent in the fourth quarter of 2008 and by 30 per cent in the first quarter of 2009, including a deep decline of 43 per cent for Japan and 22 per cent for Germany, major exporters of manufactured goods, as compared with the same period of the previous year (year-on-year).[8] With over half of their exports destined for those markets, developing countries were affected by contracting import demand. Declining import demand in the markets of major developing countries, including by 30 per cent in China, implied that growing South-South trade, representing 46 per cent of total merchandise exports of developing countries, has been severely affected.

Figure II
Year-on-year monthly change in the value of merchandise exports of selected economies



Source: Organization for Economic Cooperation and Development.
Note: No data are available for India for April 2009.

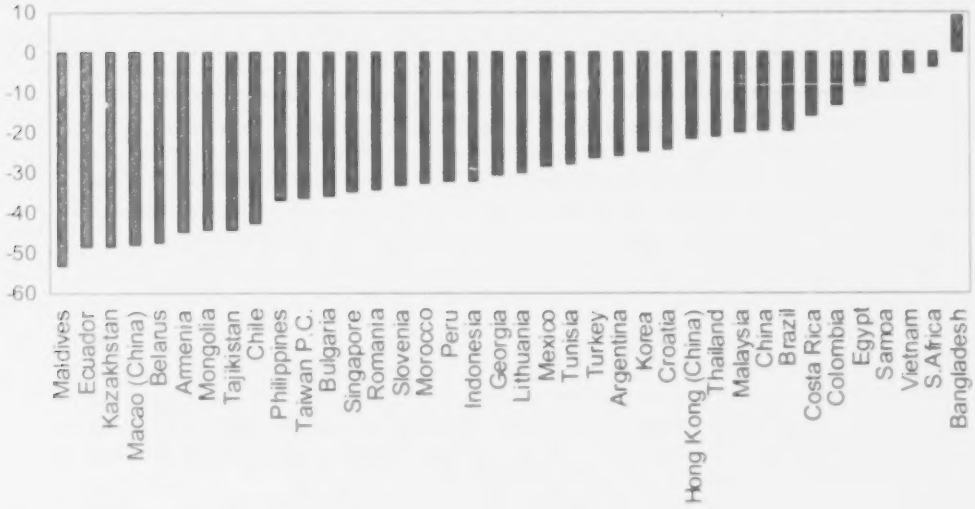
21. The magnitude and pervasiveness of effects of trade on developing countries became apparent in the first quarter of 2009. Brazil and China experienced a fall of 19 per cent in exports, while India and South Africa registered a less pronounced decline. The Russian Federation registered a significant decline of 48 per cent, which was associated with falling energy prices. Using published data for a sample of 38 developing and transition economies, UNCTAD estimates that their year-on-year merchandise exports fell by nearly 30 per cent on average in the first quarter of 2009. Several countries experienced a significant drop in exports exceeding 40 per

[8] Organization for Economic Cooperation and Development statistics (extracts).

cent, including Maldives, Ecuador, Kazakhstan, Macao Special Administrative Region, Belarus, Armenia, Mongolia, Tajikistan and Chile.

Figure III

Year-on-year quarterly changes in the value of merchandise exports of selected economies (first quarter, 2009)



Source: UNCTAD, based on national sources.

22. The sectorally disaggregated United States import data, a market accounting for 21 per cent of exports from developing countries, indicate that United States imports of manufactured goods from developing countries fell by 19 per cent in the first quarter of 2009 on a year-on-year basis. Chemicals, industrial materials and machinery and transport equipment registered a steeper fall than light manufactured goods, including apparel and footwear. Agricultural imports remained relatively static, with their import value declining by only 3 per cent. The deepest decline of 49 per cent was registered in mineral fuels. Reflecting the concentration of export products on the market, imports from Africa declined by 50 per cent and those from least developed countries by 28 per cent. Imports by the European Union of merchandise from developing countries, representing 18 per cent of developing countries' exports, also declined in the first quarter of 2009, in particular for Botswana (81 per cent), as well as for Morocco, Brazil and Argentina (19-26 per cent).

23. Prominent in the initial phase of the crisis was an abrupt drop in import demand for transport, capital and other durable manufactured goods. The United States import contraction since October 2008 began with this sector. Demand for those products is cyclical, as shortages in corporate finance and consumer credit led firms and investors to defer purchases. Demand for those products also fell precipitously, as producers and wholesalers sought to adjust rising inventory levels. International fragmentation of production in global production chains contributed to a rapid contagion of export contraction across countries. As demand for

manufactured products drops, the shock is rapidly cascading throughout the product supply chain, thereby reducing cross-border trade in the parts and components used for the production of final goods. A sharp drop in the nominal value of exports for some countries was attributable to falling commodity prices, in particular for mineral fuels and industrial commodities.

24. Shortages in trade finance, used to transact over two thirds of developing countries' export of goods, have directly affected trade. Trade finance has become scarcer and costly, and remains so, as the banks involved in financing trade are experiencing liquidity constraints and seeking to limit risks over concerns of commodity price volatility, client creditworthiness, default risk and solvability. The limited availability and higher cost of trade finance continue to have a negative impact on export prospects, in particular for small- and medium-sized enterprises that rely on trade credit, including those that participate in global production chains. It is estimated there could be a $100 billion to $300 billion shortfall in 2009. An improvement in economic conditions remains essential for the availability of trade finance.

Trade in services

25. Cross-border commercial services exports as reported in balance-of-payments statistics contracted less severely than merchandise exports. The reason for the "resilience" of services exports may be that certain modes of supply, including through movement of natural persons or commercial presence, are not fully captured in balance-of-payments statistics. Commercial services exports of developed countries dropped by 12 per cent in the fourth quarter of 2008 on a year-on-year basis. In the first quarter of 2009, Japan registered a sharp drop of 13 per cent, but the euro area and the United States recorded modest declines (3 and 6 per cent, respectively). For selected developing and transition economies, too, some recorded a relatively significant fall in exports in the fourth quarter of 2008, including by 22 per cent for South Africa, but others, Brazil, India, Indonesia and the Russian Federation, registered limited contraction (6-9 per cent). Certain services were less susceptible to income change since unlike goods, services are not affected by inventory, and reductions in the demand for services occur less abruptly since contracts end gradually. Certain services (energy, health, education, telecommunications and some business and professional services) are regarded as necessities, so the demand is expected to be more inelastic.

26. Demand has contracted more in income-sensitive services, including tourism and travel, financial services, construction, retail and services related to merchandise trade, including transport. Some of those services account for a sizeable share of exports of developing countries; travel and transport account for 30 and 27 per cent, respectively, of such exports, and the effect on developing countries has been significant.

Box 3
Effects in selected services sectors

Financial services: exports from the United States fell by 17 per cent in the fourth quarter of 2008. In Ireland, year-on-year exports were down by 50 per cent in the first quarter of 2009. Significant declines in exports in the fourth quarter of 2008 were reported in Argentina (34 per cent), Chile (31 per cent), the Republic of Korea (24 per cent) and South Africa (18 per cent).

Transport services: between mid-2008 and February 2009, container carrying capacity fell in Barbados (33 per cent), Chile (22 per cent), Angola (13 per cent), the United Republic of Tanzania (8 per cent), China (5 per cent) and India (2 per cent). In January 2009, port traffic decreased in Singapore by 19 per cent; Hong Kong Special Administrative Region (23 per cent); Long Beach, United States (14 per cent); and Le Havre, France (25 per cent). The Baltic Dry Index, a measure of the cost of shipping bulk cargo by sea, fell by 94 per cent between May and December 2008. By June 2009, the index had recovered to only 63 per cent of its May 2008 high. The International Air Transport Association indicates that air cargo traffic was down 20 per cent in December 2008 on a year-on-year basis, a trend confirmed for the first quarter of 2009; air freight volume fell 20 per cent, while passenger numbers decreased by 8 per cent.

Tourism: international tourist arrivals recorded a decline of 8 per cent between January and February 2009. The marked slowdown in developed countries is spreading to developing countries. World tourism is projected to decline by up to 3 per cent and employment in the tourist industry by 5 million jobs in 2009. Many least developed countries and smaller economies are susceptible to falling tourist arrivals. First quarter 2009 tourism arrivals fell by 14 per cent in Antigua and Barbuda, in Maldives by 11 per cent and in Seychelles by 14 per cent.

Trade expected to further slow down and contract 2009

27. The annual data for 2008 show a significantly decelerated growth in exports. On a volume basis, the World Trade Organization estimates that world merchandise exports have risen by only 2 per cent in 2008, significantly slower than 6 per cent achieved in 2007. Merchandise exports from Africa are estimated to have decelerated from 4.5 per cent in 2007 to 3.0 per cent in 2008, Asia from 11.5 to 4.5 per cent, including China from 19.5 to 8.5 per cent, India from 13.0 to 7.0 per cent and four newly industrialized economies from 9.0 to 3.5 per cent, and Latin America from 3.0 to 1.5 per cent.[9] A contraction of world merchandise exports in absolute terms of 10 per cent is projected for 2009, with a decrease of 7 per cent projected for developing countries, and 14 per cent for developed countries. A conservative UNCTAD estimate shows that merchandise exports will decline in

[9] World Trade Organization, Report to the Trade Policy Review Body from the Director-General on the financial and economic crisis and trade-related developments (JOB(09)/62).

developed countries by 8 per cent, in developing countries by 7 to 9 per cent and in least developed countries by 9 to 16 per cent.

Implications for developing countries

28. Lower export revenue, falling inflow of capital and higher loan premiums will exacerbate the already tight balance-of-payments position of many countries. An overall financing gap of $350 billion to $650 billion is estimated for developing countries in 2009. Preliminary UNCTAD estimates indicate the global inflows of foreign direct investment plunged by 54 per cent in the first quarter of 2009, and inflows of foreign direct investment to developing countries, after reaching $549 billion in 2008, are expected to fall by 25 per cent in 2009.[10] The World Bank estimates that total remittance flows to developing countries will fall by 7.3 per cent in 2009 from $328 billion estimated in 2008. UNCTAD analysis shows that donor countries' official aid budget tended to decline by 30 per cent in the five years following the banking crisis. With the debt burden already standing at over 40 per cent of GDP for many countries, and 100 to 150 per cent for more than half of least developed countries, the possibility of yet another debt crisis cannot be excluded.

29. The fact that shrinking international trade has severely affected those countries most successful in export-led growth strategies in the past has called for a careful reassessment of the strategies. The increased contribution of exports to GDP in developing countries from 26 per cent in 1990 to over 43 per cent in 2007 reveals the increased openness and interdependence of economies. Increased interdependence means that negative shocks are more readily transmitted to domestic economies. Export sectors have played an important role in the development process through the growth of productivity and income, creation of employment and diffusion of technology. Their limited ability to absorb shocks through fiscal stimulus and safety nets has rendered the effects on developing countries particularly significant.

30. A simultaneous contraction of global demand limits countries' ability to use trade to boost recovery. In view of the weak demand for imports and expected slower growth post-crisis, the creation of domestic demand and formulation of demand-driven strategies can complement outward-oriented strategies. Bolstering domestic demand can help sustain national output and employment, particularly in those countries with a vibrant middle class. Small- and low-income developing countries, however, require special measures, including the creation of larger regional markets, as smaller markets and low income continue to hamper the creation of viable domestic demand.

31. It should be emphasized that international trade and global demand remain indispensable for sustained robust growth. The challenge is to make developing countries' economies more resilient to external shocks. Improving productivity and competitiveness and diversifying trade and production bases into dynamic new products and services by exploring new areas of comparative advantage and modern tradable activities, including through proactive industrial and other policy interventions supported by enabling and developed States, can generate greater retention of value added, forward and backward linkages, diffusion of technology and formation of capital. Export markets need to be diversified towards

[10] UNCTAD, *World Investment Report 2009* (to be issued).

non-traditional and regional markets through a greater emphasis on South-South integration and cooperation.

V. Trade-related policy developments

32. While keeping markets open and trade fair has been of primary importance at a time of contracting demand, economic nationalism and protectionist sentiments have rapidly emerged. Various national crisis mitigation actions could have negative spillover effects on third countries. Those measures could alter competition conditions and future production locations. This has challenged the ability of the multilateral trading system in immediate crisis mitigation efforts. The adoption of a voluntary standstill pact under the auspices of the Group of Twenty was an attempt to partly offset the gap left between international commitments and legitimate national policy discretion. The protracted Doha Round has further constrained the ability of the system. Conversely, the much-feared spiralling of protectionism and retaliation, which could have further contracted trade, have been tempered by today's interdependence in trade, finance and migration, and the existence of a multilateral system on trade.

33. A novel feature of observed protectionism has been the prevalence of economic nationalism seeking to assign domestic preference as either an incentive or condition for government funding or purchases to "buy/lend/invest/hire" locally. Such a tendency arose from governments' desire to limit the leakage of stimulus measures to increased imports, further accentuated by the fact that stimulus was not coordinated globally. Since such measures are built up gradually, they could be expected to have had a modest impact on trade flows. However, some have exhibited a significant potential to distort trade owing to the prevalence of non-tariff, subsidy and fiscal measures, monitoring and evaluating the effect on the distortion of trade and ascertaining their World Trade Organization compatibility has been highly challenging, which points to the need for a scaled-up notification, transparency and monitoring exercise.

34. "Buy American" provisions in the stimulus bill of the United States, which requires the use of domestic steel, iron and manufactured goods in public projects, has raised concerns as they may involve discriminatory procurement practices. Government procurement was historically excluded from non-discrimination obligations, reflecting the fact that governments traditionally implement various "buy national" laws in order to promote local industries. The plurilateral World Trade Organization Agreement on Government Procurement[11] has extended non-discrimination among its 13 parties but not to non-parties to the Agreement. Government procurement has come to the forefront as a result of the crisis.

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[11] See *Legal Instruments Embodying the Results of the Uruguay Round of Multilateral Trade Negotiations, done at Marrakesh on 15 April 1994* (GATT secretariat publication, Sales No. GATT/1994-7).

Box 4
Examples of trade-related measures

Automotive

United States: loans to General Motors ($13.4 billion) and to Chrysler ($4 billion)

France: credit lines for the car industry of $7.7 billion

Brazil: government credits ($1.7 billion) for carmakers

China: reduction of sales tax on cars

Steel

European Community: anti-dumping duties on imports of certain iron or steel fasteners from China

India: increase in import duties on a range of iron and steel products from 0 to 5 per cent

Argentina: non-automatic import licensing requirements

Turkey: import tariff increase on a number of products

Footwear

Canada and European Community: initiation of anti-dumping investigation on imports from China and Viet Nam

Brazil and Argentina: initiation of anti-dumping investigation on imports from China

Ecuador: increase of tariff duties

Turkey: imposition of safeguard measures

Source: World Trade Organization, JOB(09)/62, 1 July 2009.

35. Governments' support to financial services has been a major part of the immediate response to the crisis to prevent systemic insolvency, implemented through the purchase of impaired assets, nationalization, promoting private takeovers, recapitalization and expanded government guarantees for banks' liabilities. Such measures are seen as generally covered by prudential carve-outs under the General Agreement on Trade in Services (GATS) and the Annex thereto on financial services, which allows for measures for "the protection of investors, depositors, policy holders ..., or to ensure the integrity and stability of the financial system", subject to the condition that measures not conforming to the GATS "shall not be used as a means of avoiding ... commitments or obligations under the Agreement". While no disciplines on subsidies exist in GATS, whether access to subsidies could be limited to domestic, as opposed to foreign-owned, financial services suppliers, is relevant to non-discriminatory national treatment commitments and most favoured nation status under GATS.

36. State aid has been granted to the automotive industry, which has been hit hard by the crisis, including through the provision of credit, tax cuts and direct loans, including to cover working capital. The World Bank estimated that the amount of subsidies provided in the sector could reach $48 billion. Subsidies could distort competitive conditions, displacing efficient suppliers, and could affect the locations of producers. Reported conditions attached to the aid granted to maintain factories and employment at home were considered problematic. Under the Subsidies and Countervailing Measures Agreement, State aid could give rise to subsidies that are actionable, if not prohibited, should they have adverse effects on the interests of other countries. Subsidies covering operating losses and direct forgiveness of debt may more likely be found actionable. The risk of insolvency crisis that could have caused acute social problems appears to give certain justifiable grounds for those measures.

37. Concern over unemployment has pressured governments to retain employment opportunities domestically. Such measures could adversely affect certain service activities, including outsourcing or relocation of service providers. Fiscal disincentives against outsourcing abroad may have adverse effects on information technology outsourcing services exports in developing countries. Labour mobility and migration has equally come under scrutiny as various industries (tourism, finance or construction) have reduced jobs, in particular for foreign migrants and contractors. Conditions attached to the provision of State aid for firms to assign preference to the recruitment of local professionals could affect opportunities for professional services exports, which may be relevant to GATS mode 4 commitments.

38. The significance of increased border measures appears less pronounced. The relatively insignificant number of instances of tariff increases by developed countries points to the merit of the multilateral trading system as a guarantor of open trade. Tariff increase was used by some developing countries because their applied rates are lower than bound rates owing to unilateral liberalization, giving them a legitimate scope for tariff increase. Such flexibilities are considered important by them given that tariffs are often the only available instrument. Tariff increase was also utilized for balance-of-payments reasons consistent with World Trade Organization provisions, as was the case recently with Ecuador. Tariffs represent an important source of government revenue for low income countries, representing over 30 per cent of government revenue in several cases. The crisis has led to a reduction in imports and, hence, government revenue.

39. Increased recourse has been made to non-tariff measures, including standards, technical regulations and trade remedy measures. The number of new anti-dumping investigations increased by 28 per cent to 209 in 2008 from 163 in 2007. Most frequently affected is China, and the products targeted include base metals, chemicals, textiles and plastics. The number of anti-dumping investigations is expected to increase with declining economic growth. Other examples of non-tariff measures include discretionary, as opposed to automatic, licensing requirements for some products.

40. The fall in agricultural commodity prices in 2009 has caused an automatic/semi-automatic increase in agricultural subsidies in the form of a reintroduction of agricultural export subsidies and expected increased spending. The European Union reinstated an export refunds system for milk producers against

falling milk prices, a move that was recently adopted by Switzerland and the United States. The United States Overall Trade-Distorting Support, estimated at a historical low of $6.5 billion in 2007, is projected to have increased to $8.1 billion in 2008 and to $9.9 billion in 2009 through counter-cyclical payments and loan-deficiency payment schemes.[12]

VI. Developments in the multilateral trading system

41. The significant challenge of effectively managing the Doha Round in a global crisis is confronting World Trade Organization members. The crisis itself, and related policy developments, would have effects on the outlook of the Doha Round. While it is considered that a successful conclusion of the Round would be important in boosting the world economy and sending a strong signal of enhanced international cooperation as well as in containing rising protectionist tendencies, the recession and the emerging social and development hardships, in particular unemployment, could discourage many countries from undertaking ambitious policy reform.

42. Various estimates of the welfare effects of the Round have used different assumptions and scenarios. The conclusion of the Round is reported by the World Trade Organization to inject $150 billion as stimulus. A global welfare gain of $100 billion from a realistic scenario is estimated from general equilibrium analysis. Although such gains are small compared with the global aggregate stimulus of $1.6 trillion, the Round's conclusion could pre-empt the downside risk of potential welfare losses of $130 billion to $350 billion that could arise from spiralling tariffs in all countries. Benefits of the Round will accrue only if the right macroeconomic and enabling conditions, and flanking policies, are in place. It is important that the benefits of liberalization are distributed in a balanced and equitable manner across and within countries, with particular focus on developing countries, and that a sense of ownership and integration is shared by all.

43. The last major attempt to re-energize the Round was an informal ministerial meeting held in Geneva from 21 to 30 July 2008 to establish modalities for reduction commitments in agriculture and non-agricultural market access (NAMA) and advance services offers. The attempt failed on account of various issues, including the special safeguard mechanism in agriculture. National developments had a bearing on the negotiations, including the expiration of the United States Trade Promotion Authority, national agricultural policies and proliferating regional trade agreements. The revised draft modalities on agriculture and NAMA issued on 6 December largely incorporated progress since July 2008.

44. There are signs of re-engagement in the negotiations. A key question that remains is when will conditions become ripe for political engagement to work out a balanced, fair and equitable deal. This would require strong leadership by major countries. Recent changes in the leadership in some countries could lead to a redefinition of the national trade policy agenda. Possible target dates for conclusion are now proposed for the end of 2010. The renewal of the United States Trade Promotion Authority would facilitate progress.

[12] World Bank, "Trade Protection: Incipient but Worrisome Trends", Trade Note No. 37, Washington, D.C., March 2009.

45. A possible two-track approach to the negotiations was recently suggested whereby modalities negotiations would continue in parallel with a scheduling exercise for outcome testing for greater clarity on the use of flexibilities. Developing countries were wary of its possible adverse implications for the Doha mandate and modalities negotiations on agriculture and NAMA. Modalities negotiations could be conditioned on a scheduling exercise to secure key market access interest. They have reached a high level of sophistication and complexity, making assessment of the overall value of the package difficult. A return to more facilitated and simple approaches in future rounds merits consideration.

46. The biennial regular World Trade Organization Ministerial Conference, overdue since 2007, is scheduled to be held from 30 November to 2 December 2009 in Geneva to take stock of implementation of World Trade Organization agreements and to review the issues facing the Organization under the current global economic environment.

47. In the long run, the protracted negotiations and recurrent setbacks imply that the modus operandi of the trading system needs careful assessment, bearing in mind the imperatives of the Millennium Development Goals and the need for strengthened and operational special and differential treatment. Stabilizing the system after negotiating rounds, with sufficient time allocated for implementation, reviews and build-up of capacities, could help avoid a build-up of non-implementation risks and disputes, that could erode credibility. The World Trade Organization accession process, essential for its universality, could be redesigned so as to allow acceding countries legitimate policy flexibilities that are available to existing World Trade Organization members. Methods of conducting negotiations could be carefully examined. While a broader agenda under a single undertaking was expected to facilitate intersectoral trade-offs, it did not materialize on issues of vital importance and diverted attention from a core development agenda. Defining the boundaries of the trading system is a salient systemic challenge in the light of recent development crises. Various issues increasingly addressed in regional trade agreements, investment, competition, government procurement, environment and labour, might be proposed for inclusion, which would warrant careful examination given their significant implications for development.

Agriculture

48. The capacity of individual countries to absorb exogenous shocks arising from the crisis differs significantly, and the potential contribution of agricultural policy reform through the Round has concerned many. The vulnerability of the agricultural sector in developing countries has been exacerbated as a consequence of the structural adjustment programmes of international financial institutions and under international trade commitments, which weakened State-supported extension services, marketing boards and commodity stabilization funds for agricultural commodities and food staples as well as the ability of the State to support the sector. While the Round could stabilize the agricultural trading environment by reducing trade restrictive measures and subsidies, increased liberalization may lead to an increase in the dependency of countries on imports, in particular for net food-importing developing countries.

49. The special safeguard mechanism, the apparent cause of the setback at the World Trade Organization Mini-Ministerial meeting held in July 2008, remains a key outstanding issue. The special safeguard mechanism is designed to allow developing countries to increase tariffs in response to a surge in imports or a fall in prices. Recent volatility in commodity prices has rendered the special safeguard mechanism particularly significant, as countries seek to preserve local production in order to reduce reliance on imports. The key negotiating aspect has been by how much developing countries should be allowed to raise tariffs above the pre-Doha rates, and under which conditions. Proponents of the special safeguard mechanism argue that conditions should not be excessively onerous in invoking the mechanism. Agricultural exporters were concerned that an overly lax mechanism would effectively foreclose their export opportunities, including South-South trade.

50. The financial and economic crisis and commodity price reversal have hit the cotton sector. Persistently low cotton prices, caused partly by subsidies, have exacerbated income opportunities for cotton producers in Central and West Africa. The cotton price index has fallen by 40 per cent since its peak. The lower demand is causing a 27 per cent drop in imports in 2008/09. The share of the Cotton Four countries decreased to 5.8 per cent in 2008/09 from the 10-year average of 8.3 per cent. It is forecast that Cotton Four exports will fall in volume terms as well by 38 per cent in 2008/09. Those combined effects could be particularly severe since cotton accounts for 30 to 60 per cent of exports and 6 per cent of GDP for Cotton Four countries. Worldwide subsidies for cotton producers amounted to $4.5 billion, and their removal could raise prices by 5 to 25 per cent. The Cotton Four countries seek to ensure deeper and faster cuts of cotton support. The crisis has added additional urgency to tackle cotton on a fast-track basis.

Non-agricultural market access

51. The crisis has affected manufactured products most severely. Manufactured products represent two thirds of developing counties' imports. While they are seeking to create a viable industrial sector to accelerate developmental transformation, developing countries are generally concerned over the abrupt opening of their industrial sectors to risk, causing de-industrialization. The crisis has underscored the need for the negotiations to be sensitive to such concerns. The "less than full reciprocity" principle, and translating the concept into operational parameters of the "Swiss formula", a tariff-cutting formula that reduces higher tariffs to a greater extent, has been a key issue for many developing countries. Securing real market access in larger developing countries has been a major interest for developed countries. In particular, the issue arose as developing countries applying the formula would make higher average cuts in bound tariffs than developed countries, even though they would maintain bound tariffs that would be higher than those of developed countries after the cuts.

52. Concern over real market access and the perceived ambiguity associated with the use of flexibilities by developing countries has led developed countries to propose an anti-concentration clause to prevent the concentration of excluded tariff lines in a certain sector under flexibilities. Sectoral initiatives for the harmonization and elimination of tariffs within specific sectors have become a major bone of contention as developing countries were requested to participate in key sectorals, including chemicals, industrial machinery and electronics, while it has been agreed that their participation would be on a voluntary basis.

Duty free quota-free market access for least developed countries

53. The achievement of 97 per cent product coverage as early as possible by all developed countries and the progression towards 100 per cent coverage remain key issues in duty-free quota-free market access. Most developed countries have met the target of 97 per cent, and some developing countries (China and India) have taken significant steps in this direction. It is positive that the extension of World Trade Organization waivers for the United States preferential schemes, including the African Growth and Opportunity Act, and South-South least developed country preference has been approved. On rules of origin, least developed countries have called for the harmonization of rules to make them simpler and more transparent. The ongoing reform of rules of origin in the European Union is expected to address some concerns of the least developed countries. Easing the use of the rules remains key, including by improving administrative aspects.

Services

54. Well-functioning services sectors are essential in meeting the Millennium Development Goals, in particular the eradication of poverty. The financial and economic crisis poses major challenges to GATS negotiations, including in financial services as well as other essential and infrastructural services. Deregulation, inadequate regulations and precipitated liberalization in financial services, as well as capital account opening, have exacerbated the crisis. Financial services were subject to deeper liberalization under the Understanding on Financial Services, including commitments to permit foreign financial service suppliers to offer new financial services and to proscribe new barriers. The crisis has underscored the need for a careful approach to liberalization in the sector as it affects all segments of an economy. The continuing weakness of developing countries' services points to the need for their commitments to be flexible according to the maturity of specific sectors' policy, regulatory and institutional frameworks. Phase-in commitments or a possibility to roll back commitments could facilitate developing country participation.

55. At the Services Signalling Conference that was held in July 2008, an attempt was made to re-energize the request and offer process. A total of 71 initial and 31 revised offers have been submitted. Market access negotiations since the World Trade Organization Ministerial Meeting in Hong Kong Special Administrative Region in 2005 have been conducted in a plurilateral process in which 21 requests have been made. The signals exchanged covered most major sectors and the four modes of supply. Developing countries were concerned over the lack of value added in areas of interest to them, in particular modes 4 and 1. Despite some improvements, including expanded European Union mode 4 commitments on intra-corporate transferees and independent professionals, offers could be more commercially meaningful, consistent with the development objectives of Article IV of GATS.

56. Negotiations on domestic regulation aim to ensure that qualification requirements, technical standards and licensing requirements do not constitute unnecessary barriers to trade. A key objective is to strike a balance between the need for national regulatory autonomy, including the right to regulate, and disciplines to eliminate unjustifiable market access barriers, including for mode 4. Many consider the proposed necessity test to be a constraint on regulatory autonomy for pursuing

public policy and development objectives, including in ensuring universal access to essential services. The proposed regulatory reform agenda for the financial sectors highlights the importance of adequate regulatory space to effectively respond to evolving economic and social needs, in particular for infrastructural and essential services.

57. The crisis has re-emphasized the significance of GATS rules. Negotiations on emergency safeguard measures have evolved around proposals by eight South-East Asian countries. The proposals envisage that emergency safeguard measures would be applicable if domestic services suppliers incur serious injury or serious threat to the viability of domestic industry consequent to commitments. This would take the form of positive measures, including grants or differential tax regimes, with the possibility of suspending the commitments only as a last resort. On subsidies, GATS recognizes their role in relation to the development programmes of developing countries and takes into account their particular need for flexibility. Negotiations have centred around defining trade distortive and non-actionable subsidies and a balance between developing countries' development objectives.

Development

58. The financial and economic crisis has highlighted the role of governments and policies in regulating markets and strengthening economies' resilience to external shocks. Such a recognition points to the importance of special and differential treatment and flexibilities for developing countries. Strengthening special and differential treatment both in respect of existing provisions and new commitments, remains the key objective. For the former, progress has been largely limited to five least developed country-specific special and differential treatment provisions, especially duty-free quota-free market access for least developed countries. For the latter, a trend towards de facto differentiation among developing countries became apparent, marking a departure from the traditional notion of special and differential treatment. While such an approach has enabled specific individual needs to be addressed, it has had the effect of emerging larger countries receiving relatively less favourable treatment.

59. Aid for trade, which is aimed at building competitive supply capacities and trade-related infrastructure in developing countries, could be directly affected by the crisis, as donors could face tighter budget constraints, including in meeting a broader official development assistance target of 0.7 per cent of gross national income. Sustaining mobilization and delivery of aid for trade, including "additionality", remains key concern. Aid for trade stood at $25.4 billion in 2007, which represented 32 per cent of total sector allocable official development assistance. The second Global Review of Aid for Trade, held in July 2009, led several donors including France, Japan, the Netherlands and the United Kingdom of Great Britain and Northern Ireland, to make new pledges. The enhanced integrated framework has become operational.

VII. Regional trade arrangements

60. Regional trade arrangements have proliferated worldwide, counting now over 220 operational agreements. The crisis has pointed to the possibility whereby some regional trade arrangements might have accentuated countries' vulnerability to the crisis by encouraging capital account liberalization, liberalization and deregulation of financial services with deeper commitments in respect of new financial products

or stricter prudential regulations. Developing countries seek to use regional trade arrangements as an essential instrument for development, and particularly so under the crisis. South-South and South-South-North trade integration and cooperation has exhibited a real potential with the emergence of dynamic South markets and capacities, including the Chiang Mai Initiative to address regional short-term liquidity and the Bank of the South to provide social and infrastructural lending.

61. The pattern of North-South regional trade arrangements has diversified, as they now embrace particularly low and vulnerable economies, including under ACP-EU EPA negotiations, and non-traditional partners of larger and dynamic countries. In those agreements, a key concern has been the design of reciprocal, yet asymmetric and flexible, liberalization commitments for developing countries in a manner consistent with World Trade Organization requirements. Certain North-South regional trade arrangements have introduced a new approach, including multilateralizing regional trade arrangements commitments through a third-party most favoured nation clause, which could have a potentially adverse impact on South-South agreements, and deeper commitments in services, investment, intellectual property or capital account opening. Deeper development cooperation has become a key component of regional trade arrangements to ensure fairer distribution of costs and benefits. As developing countries are engaged in parallel in subregional integration processes, the coordination and coherence of North-South regional trade arrangements with the subregional integration process, in order to avoid any "chilling effect" of the latter, became a concern across regions.

VIII. Conclusion

62. The global economy requires a course correction towards more sustainable and inclusive development, which necessitates addressing the root causes of the crisis. The current crisis, compounded by a series of global crises affecting basic human needs, have had a severe impact on developing countries, reversing the hard-won gains for the Millennium Development Goals. The financial and economic crisis has seriously challenged the prevailing economic doctrines, and underscored the need for a careful reassessment of development models and strategies and a redefinition of governments' role in the markets as enabling and development States. The global governance system needs to provide a coherent paradigm to comprehensively address global crises and promote development. The United Nations plays a key role in this effort.

63. The task facing governments is to better adjust their economies to post-crisis realities and make their economies more robust to external shocks through diversification into new products, services and markets, including South-South trade, and through bolstering domestic demand. Sustainable production and consumption is important. This could be supported by proactive policies and sound regulatory and institutional frameworks, including the provision of social safety nets, and scaled-up international development support. Innovative approaches are required in the design of policy responses to ensure that post-crisis development is resilient and inclusive. International trade continues to be a driver of growth. The multilateral trading system could provide unique public good, including by addressing economic nationalism that could alter competitive conditions and production location in the future and by delivering the development agenda of the Doha Round.

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Report of the Secretary-General

Summary

The present report, submitted in response to General Assembly resolution 63/205, complements the reports of the Secretary-General on the follow-up to and implementation of the outcome of the International Conference on Financing for Development and on external debt and development. It reviews recent trends in international official and private capital flows to developing countries and international policy challenges arising from the financial crisis, particularly the impact of the crisis on development financing. The report highlights the urgent challenges that need to be addressed by the international community in reforming the international financial system in light of the weaknesses exposed by the global crisis.

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I. Net transfer of financial resources of developing and transition economies

A. Continued substantial net resource outflows from developing countries in 2008 and 2009

1. Developing countries continued to make substantial net outward transfers of financial resources to developed countries, with the amount reaching $829 billion in 2008 (see annex). The magnitude of that transfer is expected to decline to a still substantial $448 billion, an indication of the unwinding of those imbalances spawned by the ongoing global financial and economic crisis. Sharp increases in export earnings in many African and West Asian countries and in economies in transition, as a result of the sharp run-up in commodity prices in 2008 and which were not consumed by increased imports, resulted in accumulation of reserves and continued outward investment on a net basis by those regions. In regions other than Africa and West Asia and the economies in transition, net outward investment and in accumulation of reserves continued in 2008, but, compared with previous years, the total level of such movements moderated, as the value of their export earnings, mostly from manufactured goods, declined in line with the contraction of world trade in goods. Estimates for 2009 indicate that, as a result of the collapse in the export earnings of developing countries brought about by the simultaneous economic slump in all the major economies, previously negative net transfers will turn positive in favour of Africa, Latin America and the least developed countries, as those countries move from trade surpluses to trade deficits. Overall financial transfers from East and West Asia in favour of developed countries will still be significant, because public sector reserves accumulation appears to be continuing and declines in import levels are exceeding export losses.

2. The structure of flows behind the still substantial negative financial transfers in 2008 and those preliminarily estimated for 2009 indicates that, for the most part, a disorderly unwinding of accumulated global imbalances is under way, a prospect that the United Nations has warned of in recent years. The world economy is forecast to contract by as much as 3.4 per cent in 2009, and world trade volume by at least 10 per cent. Since private flows are highly cyclical, foreign direct investment and portfolio flows to developing countries have fallen sharply. Commodity prices have also fallen sharply. The reduction in total negative financial transfers from developing countries is associated with collapsing demand, employment and incomes in both developed and developing countries. Inadequate coordination of public sector stimulus packages among developed countries and constraints on similar packages in most developing countries are threatening to prolong the recovery in global economic activity. As discussed extensively at the United Nations Conference on the World Financial and Economic Crisis and Its Impact on Development, held from 24 to 26 June 2009 in New York, in developing countries the drastic downward adjustment of export sectors is imposing severe and potentially long-lasting hardships on women and the poor. Public sector revenues in developing countries have fallen sharply as a consequence of the fall in exports.

3. A more orderly and, in human terms, less costly reduction of international financial transfers from poor to rich countries would require faster demand growth in developing countries. However, most developing countries have limited monetary and fiscal space to maintain domestic demand. This space is being further

constricted by the crisis and by programmes with deflationary consequences required or promoted by the international financial institutions. The accommodation by the Group of 20 (G-20) countries to provide additional resources for developing countries, loaned through the international financial institutions, especially the International Monetary Fund (IMF), is welcome but insufficient to meet the estimated needs to make up for falling private sector demand worldwide. Moreover, most of the additional resources, except for the proposed new allocation of special drawing rights (SDRs) equivalent to $250 billion (which would be allocated on the basis of quotas and the vast majority of which would not be available to developing countries), will be channelled through conditional, debt-creating programmes, with consequently greater prospects for a new wave of developing country debt crises in the medium term.

B. Sharp reversal of private capital inflows and rising costs of external financing

4. Private capital flows to developing countries have dropped sharply in the wake of the global financial crisis. In tandem with this trend, there has been a sharp rise in external financing costs for developing countries. An illustration of this is the huge increase in the risk premium on lending to emerging economies (a grouping of some 30 large developing countries and economies in transition), from 250 to about 800 basis points, during the third quarter of 2008. Moreover, the increase in risk spreads has been uniform across developing regions, confirming the existence of contagion and generalized investment aversion in global financial markets. Despite narrowing earlier this year, risk spreads remain very high relative to normal market conditions.

5. As a result, net private capital inflows to emerging economies are estimated to have declined by more than 50 per cent during 2008, dropping from a peak level of more than $1 trillion in 2007 to less than $500 billion. A further dramatic decline — of 50 per cent — is expected for 2009.

6. The decline in private capital inflows encompasses all developing regions, with the most substantial decrease taking place in emerging economies in Europe. This trend will also have an impact on parts of Africa, since the continent has also been relying increasingly on private capital inflows, though such flows are small in global terms. In fact, given the size of most domestic capital markets in Africa, even a small decline in these inflows could have a sizeable impact on the price of securities. There were no international bond issues by African countries in 2008, as a consequence of the global credit crunch. Some countries, notably Kenya, Nigeria, Uganda and the United Republic of Tanzania, have had to cancel plans to raise funds for infrastructure projects in international capital markets.

7. Among all the components of net private capital inflows, the sharpest drop was in bank lending to emerging economies, reversing from inflows of about $400 billion in 2007 to a projected net outflow in 2009. Institutional investors in developed countries are expected to continue reducing their exposure in emerging economies, while international banks may further curtail their cross-border lending. Various banking rescue measures adopted in developed countries may exacerbate this trend.

8. The sharp fall in foreign direct investment (FDI), which contracted by about 15 per cent in 2008, has been driven by a marked weakening in corporate profits and falling global capital spending. In addition, the collapse of primary commodity prices and weakening real estate prices in many developing economies have also reduced FDI in those sectors. Most worrying, falling FDI flows could also have implications for infrastructure projects, which are critical for longer-term growth. A significant infrastructure financing gap has already emerged in many developing countries, with longer-term needs far exceeding the amounts that are currently being invested.

C. Official development assistance targets at risk

9. Total net official development assistance (ODA) from Development Assistance Committee members rose in 2008 by 10.2 per cent in real terms to $119.8 billion, reaching the highest dollar figure ever recorded, and reached 0.30 per cent of the combined gross national income of donors. In particular, bilateral development projects and programmes rose by 12.5 per cent in real terms compared with 2007, indicating that donors were substantially scaling up their core aid programmes. Preliminary data for 2008 show that net bilateral ODA to Africa totalled $26 billion, of which $22.5 billion went to sub-Saharan Africa. That was an increase of 10.6 per cent and 10 per cent, respectively, in real terms, excluding volatile debt relief grants. Among Development Assistance Committee members, the largest contributors in terms of gross ODA were the United States of America ($26.9 billion), Japan ($17.4 billion), Germany ($15.9 billion), France ($12.4 billion) and the United Kingdom of Great Britain and Northern Ireland ($11.8 billion).

10. Total aid from the United States increased in 2008 by 16.8 per cent in real terms, compared with a decline of 9.9 per cent in 2007, and its ODA share of gross national income has now risen to 0.18 per cent. While aid from the United States increased to practically all regions, aid to sub-Saharan Africa rose sharply, by 38.3 per cent in real terms, to $6.5 billion, and aid to the group of least developed countries rose by 40.5 per cent in real terms, to $6.9 billion. Thus, the promise of the United States to double aid to sub-Saharan Africa by 2010 appears to be on track. Japan also reversed the downward trend in its ODA that had persisted since 2000, except in 2005 and 2006 when high levels of debt relief occurred. Net ODA from Japan in 2008 was $9.4 billion, representing an increase of 8.2 per cent in real terms compared with 2007, when it fell by 30.1 per cent. The increase was mainly the result of a rise in contributions to international financial institutions. Japan has announced that it intends to fulfil its promise for an overall volume increase of $10 billion over the period from 2005 to 2009.

11. The combined net ODA of the 15 European Union members of the Development Assistance Committee, which accounted for almost 60 per cent of all ODA from the Committee, also rose by 8.6 per cent in real terms to $70.2 billion in 2008, compared with 2007 when it fell by 5.8 per cent in real terms. As a share of gross national income, net ODA from European Union members of the Development Assistance Committee rose from 0.40 per cent of their combined gross national income to 0.42 per cent in 2008. Australia, Belgium, Canada, Germany, Greece, New Zealand, Portugal, Spain and the United Kingdom also reported significant increases in their ODA in 2008.

12. However, there is fear that the strain of the crisis may lead to decreases in aid volumes, including aid for trade, as happened during the global economic recession of the early 1990s, which produced large fiscal deficits in donor countries and led to deep cuts in ODA, from 0.33 per cent of gross national income in 1992 to 0.22 per cent in 1997. Estimates differ among donors, but a 1 per cent negative growth shock implies an 8 per cent reduction in aid budgets five years after the shock, according to a recent study.[1] Such a reversal at the present juncture would place a dangerous additional burden on developing countries, which are already struggling with restricted sources of income and increased poverty, and would undo some of the progress made towards achieving the Millennium Development Goals.

II. Strengthening the international financial architecture

13. The United Nations Conference on the World Financial and Economic Crisis called for urgent reform of the international financial system and architecture, including in areas related to mandate, scope, governance, responsiveness and development orientation. There are five key areas in which progress is urgently needed: international financial regulation, multilateral surveillance, IMF lending and resources, the international system of payments and reserves and governance reforms in the Bretton Woods institutions.

A. Increasing international cooperation on financial regulation

14. The crisis demonstrates the urgent necessity for introducing an international regulatory system over the globalized financial system with sufficient transparency for investors and regulators, so that financial leverage levels do not endanger the stability of the whole system, and for generating less volatile financial flows for innovation, risk-taking and investing in employment, production and development. The United Nations Conference on the World Financial and Economic Crisis called for expanding the scope of regulation and supervision and for making them more effective with respect to all major financial centres, instruments and actors, including financial institutions, credit rating agencies and hedge funds.

15. In their Declaration on Strengthening the Financial System,[2] adopted in London on 2 April 2009, the G-20 countries declared their shared intention to reshape regulatory systems to identify and take account of macroprudential risks, expand the perimeter of regulation and oversight to all systemically important financial institutions, instruments and markets, mitigate pro-cyclicality in prudential regulation, strengthen capital and risk management, implement new principles on executive remuneration and improve standards on valuation and provisioning.

16. With competing national financial centres among which financial companies can choose to locate their activities in order to exploit regulatory advantages, such reforms will be successful only if coordinated internationally. Although of critical importance, the effort to achieve sufficient coordination and harmonization of

[1] Emmanuel Frot, "Aid and the financial crisis: shall we expect development aid to fall?", working paper, Stockholm Institute of Transition Economics, available at www.voxeu.org/index.php?q=node/3562.

[2] Available at www.g20.org.

national regulatory policies is a difficult undertaking, as in the foreseeable future no country (with the possible exception of some European Union members) is likely to delegate decisions about the supervision and regulation of its financial institutions or national financial system to external bodies, thereby giving up national sovereignty over a key issue of economic policy.

17. In the context of the ongoing crisis, previous well-meaning efforts to strengthen cooperation through the deliberations of the Financial Stability Forum, the Basel Committee on Banking Supervision and colleges of supervisors have proven inadequate. Existing institutional arrangements to ensure that national decisions regarding regulation appropriately take into account both external and domestic consequences remain ineffective. There exist important inconsistencies among regulatory systems across countries as well as a clear tendency for country authorities to privilege domestic interests and disregard the adverse international spillovers of their actions. The difficulty of better aligning national and global interests, along with other structural, political, cultural and legal constraints, has significantly hampered effective cross-border supervision.

18. Enhanced cross-border coordination and cooperation must be accompanied by a clear commitment to avoid fragmentation and regulatory protectionism resulting from actions taken at the national and regional level to address the crisis and its aftermath. It is important to avoid a drift back to a system of national and regional financial fiefdoms. Accordingly, particularly in developed countries, actions to support banking systems should not distinguish between domestic and foreign-owned institutions, nor should credit be diverted to domestic borrowers through subsidies or inappropriate regulatory incentives. While the same underlying principle would be applicable in developing country financial markets, the application of the same principle in those markets should take into account the fact that domestic firms did not enjoy the incentives many foreign financial firms received when they entered those markets and thus should have preferential access to public support programmes during the crisis. Unfortunately, an uncoordinated process of building up national and regional controls is already under way in many countries. It will likely continue unless much better structures for cooperation and coordination are developed.

19. The crisis has confirmed the harm created by regulatory loopholes and regulatory arbitrage. There appears to be an agreement in principle, but not in practice, that regulatory coordination is necessary to ensure that prudential regulation is applied consistently across countries and financial activities. The international community must articulate and affirm essential principles and standards of financial market regulation and find a mechanism for continuous oversight of progress on coordination and cooperation.

20. Another important gap is incompatibility among bank insolvency frameworks, especially in the case of inconsistencies between the home and host countries of financial institutions. There is a need for a consistent set of international guidelines to manage the resolution of failures of financial companies. In the cross-border context, one of the most important and difficult issues is burden-sharing. For burden-sharing arrangements to be credible, they should be legally binding and based on objective criteria in order to ensure an equitable distribution of costs.

21. Better coordination is also needed to ensure more consistency in depositor and investor protection schemes across countries. Explicit coordination principles

should help to mitigate destabilizing capital flows, including deposits, from one country to another during periods of market stress and uncertainty. For instance, it has been noted that in the current crisis the introduction of Government guarantees in respect of the assets and liabilities of domestic banks in some developed countries put pressure on less protected systems in neighbouring countries, exposing them to runs on deposits. The network of Government support in advanced countries also put pressure on emerging market banks.[3]

22. In the course of managing the crisis, cross-border information flows have been found to be inconsistent, with data about cross-border risk exposure being incomplete and systemic connections among financial institutions not adequately appreciated. In this regard, it has been suggested that supervisors in different countries should have prior agreements on what information relevant for systemic stability to collect and communicate and on arrangements that provide them with clear legal obligations, along with the powers to share this information with external authorities.

23. While there is a broad agreement on the need to improve cooperation and communication among regulators, there are differing viewpoints on how to strengthen international regulatory cooperation. The approach of the G-20 has been to strengthen existing arrangements, requesting the Financial Stability Board, with its recently expanded membership, to set standards and requesting IMF to assess whether national regulation meets those standards. This will expand the surveillance role of the Fund to the overlooked intersection between national macroeconomic policies and the supervision of individual financial institutions and national financial systems. In the context of the recent helplessness of the Fund in performing within the original scope of surveillance duties, there are doubts about the legitimacy, accountability and effectiveness of this arrangement.

24. The most ambitious alternatives are proposals for new institutions or approaches to regulation, implemented through a new multilateral mechanism, such as a world financial organization that would be analogous to the World Trade Organization, an international bank charter or an international insolvency mechanism. According to proponents, the new organization would establish principles for prudential supervision, define obligations for its members, appoint independent panels of experts to determine whether countries were in compliance with those obligations and authorize the imposition of sanctions against countries that failed to comply. A less ambitious approach would be the setting up of a council for regulatory coordination under the aegis of the Financial Stability Board. Such a council would be mandated to reinforce operational cooperation between IMF and the Financial Stability Board and strengthen global efforts on harmonization and coordination.

25. A key issue in cross-border bank solvency resolution frameworks is the sharing of costs among public authorities involved in such efforts. In this regard, there have been proposals for an international bank charter spelling out the procedures for joint risk assessment, remedial action and burden-sharing among countries. There have also been calls for a universal venue, guided by international

[3] International Monetary Fund, "Initial lessons of the crisis for the global architecture and the IMF", 18 February 2009, p. 7, available at www.imf.org.

law, where cross-border insolvencies of internationally active financial institutions could be administered.

26. A less demanding approach to cooperation in bank solvency resolution is exemplified in the "colleges of supervisors" mechanism promoted by the G-20. At its April 2009 meeting, the G-20 agreed to establish the remaining supervisory colleges for significant cross-border firms, building on the 28 already in place. These colleges, consisting of home and host supervisors, are collectively responsible for the effective supervision of large cross-border institutions, including assessing risk concentration and major strengths and weaknesses, in addition to deciding on the permissible activities of firms. One of the key issues on the supervisory college agenda is to agree on concrete steps to codify closer home-host collaboration, including explicit agreement on actions to address vulnerabilities early. Also, in the absence of the above-mentioned bank charter, colleges could be an arbiter for home and host supervisors on bank resolution.

27. It is also worth noting that the fragmented nature of domestic regulation in many countries also requires urgent attention. Indeed, even within national boundaries, there remains the potential for jurisdictional conflict and miscommunication between competing laws and regulatory bodies.

B. Multilateral surveillance and policy coordination

28. In discussing the causes of the economic crisis, the outcome of the United Nations Conference on the World Financial and Economic Crisis highlighted "major failures in financial regulation, supervision and monitoring of the financial sector, and inadequate surveillance and early warning" (General Assembly resolution 63/303, annex, para. 9).

29. Surveillance remains IMF's key crisis prevention tool. Progress remains to be made in its design and implementation, however. Since the 1980s, IMF has mainly been focused on problems in emerging markets and developing countries, devoting insufficient attention to major financial centres and vulnerabilities in global financial markets. To close this gap, the Fund's vulnerability analysis is being expanded to advanced economies and integrated with the early warning exercise. Nevertheless, much work still needs to be done to improve surveillance over the mature financial markets and advanced economies. This will be essential for ensuring that a reformed IMF remains relevant and properly discharges its mandate in promoting global economic and financial stability.

30. Fund surveillance can only be effective to the extent that members are cooperative and responsive as far as the implementation of recommendations is concerned. Indeed, many of the imbalances that led to the crisis were identified by IMF and other international organizations. However, there was a failure to act on available information. The challenge is to ensure that, in going forward, the relevant information is used proactively to mitigate future crises.

31. One of the most important areas of the Fund's work is surveillance over the exchange rate policies of its members. In June 2007, the Executive Board approved an updating of the 1977 decision on surveillance over exchange rate policies. The update puts exchange rate assessment at the centre of IMF bilateral surveillance,

while external stability becomes the overarching principle of the surveillance framework.

32. The 2007 decision aims at providing a coherent framework within which exchange rate issues can be assessed in the overall context of external stability. However, an overreliance on quantitative models may divert attention away from a meaningful analysis of external and internal stability, and from consideration of economic policy as a whole. In assessing the external stability of Fund members, a focus on the exchange rate as the sole determining variable could prove to be unrealistic and ineffective. Fund analysis of individual countries should remain comprehensive, taking into account the overall macroeconomic situation, with an emphasis on the consistency and sustainability of the overall policy mix. The surveillance should take into account all the relevant challenges that determine macroeconomic stability in specific contexts. More needs to be done in this field to ensure effective and even-handed implementation of surveillance activities.

33. While the traditional emphasis of the Fund has been on exchange rates, the crisis has pushed macrofinancial as well as macroprudential and microprudential issues onto centre stage in IMF surveillance. In this regard, more attention should be given to financial risks, including asset price bubbles, leverage, risk concentration in large banks and hidden or off-balance sheet exposures. A key aspect here is the integration of macroeconomic and financial sector surveillance, the focus on the linkage between the macroeconomy and the financial markets and the soundness of the financial sector of member countries. The challenge for policymakers at both national and international levels is that there is no agreed conceptual framework to guide international cooperation on these related dimensions of policy.

34. IMF, as a global institution with substantial analytical capacities, could play an important role in helping to reach a consensus on these issues and in implementing the resulting arrangements. To this end, a joint IMF-Financial Stability Board early warning exercise may help to establish a less fragmented and more pointed surveillance system. Indeed, the exercise will combine the macrofinancial expertise of the Fund with the regulatory experience of the Board to produce a more systematic view of evolving global risks. The final outcome of the early warning exercise is expected to be policy advice to mitigate these risks.

35. In addition, the Financial Sector Assessment Programme needs to be made more focused, risk-based and forward-looking, with a greater emphasis on external links and spillovers. It has also been decided that financial sector surveillance should be embedded more effectively as an element of article IV consultations and its results integrated into the broader macroeconomic surveillance work.[4] As for the implementation of the Financial Sector Assessment Programme, it is worth noting that all G-20 members have committed to undertake the Programme.

36. G-20 leaders called on the Fund to regularly assess the actions taken and actions required to revive global growth. It is also important to evaluate the costs and impacts of the large fiscal stimulus measures, in addition to their long-term macroeconomic implications. For many advanced economies, there is an urgent need for medium-term policy frameworks to anchor expectations and reassure markets of the long-term sustainability of fiscal positions.

[4] Communiqué of the International Monetary and Financial Committee of the Board of Governors of the International Monetary Fund, 25 April 2009, available at www.imf.org.

37. Moving beyond the resolution of the current crisis, enhanced international cooperation should aim at a rebalancing of global sources of growth and a reduction of savings-investment gaps. In this regard, there have been serious concerns expressed that policymakers may now be sowing the seeds of future boom-and-bust episodes by taking actions that may slow, or possibly prevent, necessary global adjustments by providing "too much" demand stimulus. While reversing public demand injections will be necessary at some point in the future, current indicators point to a much greater danger of deflation, which a premature reduction of public spending will only exacerbate.

38. The primary long-term goal of enhanced surveillance must be to reduce global imbalances and prevent the re-emergence of those imbalances that contributed to the current crisis. This can only be accomplished if key systemically important countries take a coordinated approach to fiscal and monetary policy, with the aim of shifting aggregate demand from deficit to surplus countries.

39. The current crisis has brought to light important weaknesses in international cooperation and coordination. In this regard, it has been stressed that, even where the problems were well understood, there was no agreement on responsibilities or means to enforce the necessary cooperative actions. Consequently, it is necessary to build an effective framework for enhanced multilateral surveillance and policy coordination against the backdrop of planned governance reform in IMF and other global institutions.

40. Without a political agreement in this area, any solution of the present crisis will only be partial and inadequate. Moreover, if such a framework or forum for policymakers with the authority to address global systemic concerns is not established, it is unlikely that the enhanced resources and mandate will be enough to forestall future crises. There is a need to promote an adequate level of coordination, whether under the auspices of IMF or not, towards mutually compatible policies on fiscal, monetary and exchange rate issues, including mechanisms of accountability and enforceability in the application of these policies.

41. The ongoing crisis has shone a new light on policy coordination on economic and financial requirements. However, the logic that joint action is more effective and that individual actions undertaken by countries to save only themselves at the expense of other countries (called "beggar-thy-neighbour" policies) have to be avoided still needs to be realized in effective multilateral action. For that to happen, however, a whole spectrum of world economic governance issues needs to be urgently addressed.

C. International Monetary Fund lending and resources

42. Amid the current financial market turmoil, the need for providing official liquidity has once again become the primary focus of Governments around the world. Since the onset of the crisis, IMF has been providing large-scale financing (after a recent period when only a handful of countries was drawing on its resources) to countries experiencing a reduction in the availability of external funding. As at May 2009, the lending commitments of the Fund had reached a record level of $157 billion, including a sharp increase in concessional lending to low-income countries. An important characteristic of new IMF lending arrangements has been their exceptionally large size in relation to country quotas.

The conditions of the recent loans have been fewer and more targeted than in the past, but more concentrated on key pro-cyclical features of IMF conditions.

43. Along with meeting immediate country needs, the Fund has moved to overhaul its lending toolkit and conditionality framework to increase the effectiveness of its crisis prevention and resolution efforts. The Fund has doubled all loan access limits, including for low-income countries, and the surcharge framework has been simplified.

44. In March 2009, the Flexible Credit Line, a crisis prevention instrument, was established. The purpose of the Flexible Credit Line is to provide a signal to international markets of the availability of rapid, large and upfront access to Fund resources in cases of need with no ex post conditionality for pre-qualifying members based on a determination of their having "strong economic policies and a proven track record". Colombia, Mexico and Poland have already signed up for this new facility, for an amount totalling $78 billion. The Fund has also indicated that it is committed to providing larger amounts and more upfront financing across a wide range of its facilities. It is not clear if a large number of countries will find this facility useful, especially in East Asia, where successful international integration has relied much less on external finance. In this regard, it is not clear whether the private sector is sufficiently assured by the Fund's assessments of strong economic policies and a proven track record demonstrated by granting a Flexible Credit Line. In fact, the existence of such a large commitment of Fund member resources to a few countries also creates moral hazard in favour of the international private sector by guaranteeing financing and inadvertently allowing rapid withdrawal of investments from Flexible Credit Line programme countries.

45. Other middle-income countries may need a large precautionary arrangement but may not qualify based on the criteria of "strong economic policies and a proven track record", thereby, based on the logic of the effort, requiring IMF-impelled policy adjustment. For this purpose, the new High Access Precautionary Arrangement is also characterized by large and front-loaded access, but imposes ex post performance requirements. As in previous attempts to provide precautionary financing programmes, the existence of two precautionary facilities has raised concerns that the choice between a Flexible Credit Line and a High Access Precautionary Arrangement inevitably requires potentially controversial judgements regarding the strength of underlying policies, economic fundamentals and the track record of member countries, leading to often arbitrary differentiations among them.

46. Since IMF emergency lending in large volumes is meant mainly to respond to situations of capital reversals, policy conditionality should logically include measures to stem the size and volatility of capital flows, which can potentially be an element of High Access Precautionary Arrangements but not of Flexible Credit Lines, and requires a reversal of the Fund's aversion to capital controls. The Fund needs to support Government policies to exercise prudential regulations for managing the impact of external flows on domestic balance sheets, if only to minimize its own liability to provide financial injections in crisis situations.

47. Starting 1 May 2009, structural performance criteria have been discontinued on all IMF loans, including programmes with low-income countries. The focus of conditionality is shifting to an ex ante and review-based approach. Therefore, structural reforms will continue to be part of IMF-supported programmes but will only be included when considered critical to a country's recovery, in contrast to the

previous approach, which always included a panoply of structural reform conditionalities, including requirements unrelated to the problems at hand. As identified in many studies, including research by Bretton Woods institutions staff, structural reforms tend to enhance pro-cyclicality, while macroeconomic reforms have a deflationary bias, constricting public investment and social expenditures critical to long-term development.

48. Strong, credible policy frameworks are necessary, for which there is an urgent need for greater clarity regarding which policies are actually effective, given that the current situation has raised many questions about the standard framework. In fact, there is now often a stigma attached to seeking support from the Fund, signalling underlying policy weaknesses which can be exacerbated in the course of a Fund programme. Reducing this political stigma is considered vital to increasing use of the Fund by its members, thus enabling the Fund to play a greater role in recovery from the global crisis. For example, despite the announced intentions, IMF in many cases is still prescribing pro-cyclical policies that can unnecessarily exacerbate economic downturns in a number of countries. Such policies would be in violation of the international consensus to undertake a concerted effort to stimulate global demand.

49. At the United Nations Conference on the World Financial and Economic Crisis, various aspects of the need of many developing countries to borrow more to support output recovery and maintain social spending were discussed. To ensure that developing countries are not unduly constrained by policy arrangements from taking on more debt to support recovery efforts, the World Bank and IMF need to review the Debt Sustainability Framework, as was requested by the G-20 in its April communiqué. The Debt Sustainability Framework should be sufficiently flexible to take into account the circumstances of each country while still performing its role in preventing a reaccumulation of unsustainable debt burdens. The United Nations Conference also recognized the policy of temporary debt standstills between debtors and creditors, in order to help mitigate the adverse impacts of the crisis and stabilize macroeconomic developments.

50. There have also been suggestions for IMF and other international financial institutions to use their financing to address problems in the corporate and banking sectors, including support for bank recapitalization or the facilitation of the rollover of private external debt. Fund financing of member Governments has traditionally been used for the replenishment of foreign exchange reserves, sovereign debt repayment or intervention in the foreign exchange market. However, in the current crisis, Governments and their central banks in both developed and developing countries have used foreign exchange reserves and new borrowings to help their domestic financial institutions and corporations to repay international creditors. With the ongoing globalization of finance, these needs are likely to further increase.

51. Work is under way to modify IMF concessional lending facilities in order to enhance their usefulness to low-income countries. There is a consensus that lending by the Fund to low-income countries should be more flexible in light of long-recognized diverse country needs and growing exposure to global volatility. In addition to the recent doubling in access limits and norms under the Poverty Reduction and Growth Facility and the Exogenous Shocks Facility, the Executive Board has signalled support for a lending framework comprising the Poverty Reduction and Growth Facility, a concessional short-term financing facility similar

to the stand-by arrangement and a unified concessional emergency lending facility to address exogenous shocks and post-conflict situations. At their London meeting, G-20 leaders called on the Fund to provide $6 billion of additional and flexible financing for the poorest countries over the next two to three years. Along with additional bilateral contributions, proceeds from agreed sales of IMF gold, together with surplus income, may be used for that purpose.

52. In the context of lending reform and sharply higher demand for Fund financing, G-20 leaders pledged to triple the lending capacity of IMF to $750 billion, approve a general allocation of SDRs equal to $250 billion and, as mentioned above, at least double the capacity of the Fund for concessional lending to low-income countries. To bolster Fund resources as quickly as possible, it was decided to negotiate temporary bilateral credit arrangements with IMF totalling $250 billion, increase the New Arrangements to Borrow by up to $500 billion and expand participation in the New Arrangements to Borrow to additional, financially strong IMF members. There was also an agreement to implement the 2008 quota agreement as quickly as possible, which would increase the quota resources of IMF by 12 per cent, and complete the next review of IMF quotas by January 2011, accelerating the process by two years.

53. Bilateral borrowing arrangements and the expansion of the New Arrangements to Borrow are likely the most viable options to mobilize liquidity in a timely manner. However, they are considered by many Fund members as constituting only a temporary bridge to a permanent increase of resources through a general quota review.[5] Consequently, the borrowings of the Fund should not be seen as a substitute for a substantial quota increase, as they enhance neither the decision-making structure nor the legitimate basis of the Fund. In fact, borrowing from some member countries by an institution mandated to undertake surveillance over all members unduly creates conflicts of interest. Over the medium term, it is important from both governance and balance sheet perspectives that the quota mechanisms be restored as the primary basis of Fund lending.

D. The international system of payments and reserves

54. The outcome of the United Nations Conference on the World Financial and Economic Crisis recognized "the potential of expanded SDRs to help increase global liquidity in response to the urgent financial shortfalls caused by this crisis and to help prevent future crises" (General Assembly resolution 63/303, annex, para. 35) and called for further studies on that potential. In April 2009, the G-20 decided on a general SDR allocation by IMF equivalent to $250 billion. By doing so world leaders, for the first time since the late 1960s, recognized the need to significantly boost international liquidity by using an international reserve unit. Before the April 2009 decision, the cumulative total of SDR allocations was only SDR 21.4 billion (around $32.9 billion).

55. The ongoing financial crisis has brought to the fore the deficiencies of the present international monetary system, in which a national currency, the United States dollar, serves as a dominant source of international foreign exchange

[5] See the 24 April 2009 communiqué of the Intergovernmental Group of Twenty-Four on International Monetary Affairs and Development, available at www.g24.org/04-09ENG.pdf.

reserves. Those deficiencies include growing global imbalances, exchange rate instability and the possibility of an erosion of confidence in the dollar as a reserve currency. The widespread use of greater exchange rate flexibility did not produce exchange rate changes that reduced trade and financial imbalances; in fact, it contributed to the inherent instability of the system. Exchange rate adjustments were not sufficient quantitatively and were often in the wrong direction, owing to the fact that the United States dollar, as a reserve currency, serves as a benchmark for many other currencies and an anchor for international asset prices.

56. In the era of globalization, the use by all countries of a widely accepted national reserve currency has its clear benefits, owing to network externalities. However, the costs of such an arrangement in terms of systemic instability may have started to exceed its benefits. Likewise, the costs for the United States associated with its role as a supplier of global reserves may also be rising. Increased imbalances have had an adverse effect on United States domestic demand and on external demand for United States products, as well as more generally on the potential ability of the country to maintain economic policy autonomy.

57. There have been suggestions to move away from the almost exclusive reliance on the United States dollar and towards a system based on multiple, competing national reserve currencies. However, such a system, according to many observers, might add an additional element of instability associated with exchange rate volatility among currencies that are close substitutes and that are used as reserve units, owing to the possibility of sharp shifts of international demand from one international currency to the other. Also, it would not solve the inequalities of the current system, as reserve assets would still be provided by industrial countries. Besides, developed countries issuing reserve currencies are likely to account for an increasingly limited share of the world economy. Hence, the demand for international reserves will likely grow faster than the capacity of those countries to smoothly supply them.

58. Discussions on an international currency have been gaining momentum. The international community should seize this opportunity to start working on the creation of a new, more stable and equitable international monetary system. While, unlike in the late 1960s, there is no issue regarding the provision of global liquidity, there are problems associated with the control of global liquidity and significant equity issues in the access by developing countries to such liquidity.[6]

59. The introduction of a full-fledged international reserve currency based, for instance, on the proposal made by economist John Maynard Keynes in the 1940s, may take a long time, as it requires extraordinary political will, vision and courage, which are still lacking. In this regard, it has been argued that a more realistic way of reform may be a broadening of existing SDR arrangements, which perhaps over time could evolve into a new and widely accepted world reserve currency.[7]

[6] For an extensive discussion of the global reserve system, see the Report of the Commission of Experts of the President of the United Nations General Assembly on reforms of the international monetary and financial system, pp. 92-103, available at www.un.org/ga/president/63/interactive/financialcrisis/PreliminaryReport210509.pdf.

[7] See essay by Zhou Xiaochuan, Governor of the People's Bank of China, "Reform the international monetary system", dated 23 March 2009, available at www.bis.org/review/r090402c.pdf.

60. A step forward would be making the issuance of SDRs automatic and regular. It has been suggested that the size of the issues could be linked to the estimated additional demand for foreign exchange reserves resulting from the growth of the world economy. Also, there have been calls to issue SDRs in a counter-cyclical fashion in order to finance world liquidity and official support to developing countries during crises. One of the versions of the proposal to use SDRs in a counter-cyclical manner envisages the development of an appropriate mechanism for withdrawing SDRs should global liquidity become excessive or inflationary. It is worth noting that the procedure under which countries holding 85 percent of IMF voting power must agree before SDRs can be issued might not be time-efficient if the Fund were authorized to provide additional SDR liquidity in periods of liquidity shortage.

61. It is well understood that making the SDR an attractive unit in which to hold central bank reserves requires deep and liquid markets in SDR claims. To achieve this, the issuance and use of SDRs by IMF, Governments, banks and non-financial firms need to reach some critical mass. In other words, it will be necessary to overcome the coordination problem — prospective issuers should have evidence that others would do likewise. In the past, all attempts to commercialize SDRs were unsuccessful.

62. Another important issue is a settlement mechanism between SDR and national currencies to make the unit an acceptable means of payment in international trade and financial transactions. Such a system should be able to facilitate the direct exchange of SDR claims not only into dollars but also into all constituent currencies. At present SDRs are valued against a basket of currencies, consisting of the euro, the yen, the pound sterling and the United States dollar. For SDR to gain global prominence, the number of constituent currencies should be increased to include monetary units of both developed and developing countries.

E. Governance reform at the Bretton Woods institutions

63. At the special high-level meeting of the Economic and Social Council with the Bretton Woods institutions, the World Trade Organization and the United Nations Conference on Trade and Development held on 27 April 2009, there was a firm consensus that the current system of global economic governance was not adequate for today's challenges and thus there was a need for credible, representative and effective mechanisms for macroeconomic coordination with governance structures that are duly representative of the interests of all countries and that can exercise strong policy leadership. The scale of the crisis merits serious consideration of the flaws in global economic governance that it has exposed and of the need for eventual new mechanisms and institutions beyond those presently in existence, such as the proposed global economic council or some similar body. Other speakers in the meeting emphasized that the global community should work with existing institutions and respond to the crisis by rapidly strengthening them and augmenting their resources.

64. The strengthening of the resource base of the Fund and improving its lending toolkit to address the global crisis are constricted by slow progress in longer-term reforms to boost the governance and legitimacy of the Fund. To remain at the centre of the international monetary system, IMF needs a more representative, responsive

and accountable governance, reflecting the realities of the twenty-first century. The reform of IMF governance is therefore a prerequisite for all other changes involving the role for the Fund.

65. At its April 2009 meeting, the G-20 called on IMF to complete by January 2011 the next review of quotas, including further improvement of representation for emerging and developing countries. Work on a new quota formula to address the existing bias against developing countries is to start by October 2009. There is a consensus that the quota formula should be improved before it is used again. The next realignment of quotas in favour of emerging market and developing countries should go far beyond the initial modest outcome achieved during the 2008 spring meetings, which has yet to come into force.

66. The changes in voting power have thus far been insignificant compared with the changes that have occurred in the global economy. The 2008 quota and voice reform will basically lead to a realignment of existing shares, primarily through a redistribution among the group of emerging market and developing countries. In that regard, developing countries have indicated that over time quota realignments in both IMF and the World Bank should result in an equitable voting power distribution between developed and developing countries without diluting the quotas and shares of individual developing countries.[5]

67. To further democratize the IMF voting procedure and ensure that decisions affecting key aspects of the institution have the support of a majority of members, a proposal has been made to amend the Articles of Agreement to lower the voting threshold on critical decisions from 85 per cent to between 70 and 75 per cent. To better balance the interests of large and small countries, consideration should also be given to extending double majorities (support by three fifths of the members that have 85 per cent of the total voting power) to a wider range of decisions. At present, a double majority is required to amend the Articles of Agreement.

68. Another important issue to address is the composition of the Executive Board, in order to better reflect the realities of the global economy. In that regard, there have been proposals to reduce the size of the Board from 24 to 22 chairs by 2010 and to 20 chairs by 2012, while preserving the existing number of emerging market and developing country chairs.[5]

69. There is a consensus that consideration should be given to greater involvement of the Fund's Governors in providing strategic direction to IMF and increasing its accountability, which in the end would be made possible only by a more democratic distribution of voting power on the Board. As a possible immediate step, there have been calls to transform the International Monetary and Financial Committee into a council, as envisaged by article XII of the Articles of Agreement. A council consisting of ministers and governors is thought to provide a forum for coordination and for making strategic decisions critical to global stability.

70. It has, however, been argued that before the activation of such a council, a substantial and far-reaching reform of quota and voice should be accomplished. Otherwise, with the voting shares that prevail at the Fund at present, developing countries would have even less influence in IMF. Indeed, unlike the present

[5] See, for example, the statement by Timothy Geithner, Secretary of the Treasury of the United States, to the nineteenth meeting of the International Monetary and Financial Committee, held in Washington on 25 April 2009, available at www.imf.org.

consensus-based International Monetary and Financial Committee, the decision-making rule of a Council, as contained in the Articles of Agreement, would be the same as the one that applies to the Executive Board.

71. It was agreed by the G-20 in April and at the United Nations Conference on the World Financial and Economic Crisis in June that the heads and the senior leadership of the international financial institutions should be appointed through an open, transparent and merit-based selection process, with due regard to gender equality and geographical and regional representation. In order to ensure the legitimacy of the Fund and the World Bank as truly global institutions, it is important to achieve greater diversity among staff members, avoiding the disproportionate representation of only a few specific regions. The Executive Board will discuss the 2008 diversity report ahead of the 2009 annual meetings.

III. Conclusions

72. In a financially integrated world, the enduring success of regulatory reforms depends in large part on significantly enhanced international cooperation, coordination and communication among regulators.

73. The ongoing financial crisis underscores the need to redress the deficiencies of surveillance over mature financial markets and advanced economies and to better integrate macroeconomic and financial sector surveillance.

74. It is necessary to build an effective framework for enhanced multilateral macroeconomic and financial policy coordination against the backdrop of planned governance reform in the international financial institutions.

75. Despite recent positive changes in multilateral lending facilities, there is still room for further innovation in how official liquidity is deployed. Also, over the medium term, it is important that the quota mechanism be restored as the primary basis of expanded IMF lending.

76. The crisis has revived discussions on the international reserve currency. The international community should seize this opportunity to start working on the creation of a new, more stable and equitable international monetary and financial system.

77. Addressing global economic governance issues is a necessary prerequisite for all other changes in the international financial architecture. Therefore, the second round of governance reforms should go far beyond the initial modest outcome achieved in 2008.

Annex

Net transfer of financial resources to developing economies and economies in transition, 1997-2009

(Billions of United States dollars)

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009[a]
Developing economies	-4.0	-37.8	-124.8	-189.6	-160.0	-208.9	-302.4	-378.6	-576.5	-756.9	-807.9	-827.8	-447.7
Africa	-7.8	12.4	1.4	-31.9	-16.3	-5.3	-19.1	-37.2	-65.8	-81.3	-88.5	-109.3	38.4
Sub-Saharan (excluding Nigeria and South Africa)	6.6	11.7	8.5	2.9	7.3	4.6	6.4	2.5	-0.6	-10.8	-6.6	-12.8	29.7
Eastern and Southern Asia	-31.6	-128.4	-138.0	-120.8	-117.5	-146.0	-171.7	-179.5	-258.0	-376.9	-480.0	-407.0	-482.2
Western Asia	12.4	34.5	2.7	-35.3	-29.8	-25.2	-48.3	-77.3	-143.1	-163.2	-135.9	-239.3	-4.7
Latin America	23.1	43.7	9.0	-1.6	3.6	-32.4	-63.3	-84.7	-109.5	-135.4	-103.6	-72.2	0.8
Economies in transition	1.6	0.7	-25.1	-51.5	-33.3	-28.5	-39.0	-63.2	-100.3	-123.9	-105.9	-157.8	-22.0
Memorandum item:													
Heavily indebted poor countries	8.2	9.3	10.9	9.7	10.0	11.7	11.6	12.8	16.0	13.6	21.3	31.7	36.0
Least developed countries[b]	10.4	13.7	11.5	6.6	9.7	7.6	9.0	6.2	4.0	-4.2	-4.5	-9.9	28.2

Sources: Department of Economic and Social Affairs of the United Nations, based on the IMF World Economic Outlook, April 2009, and the IMF Balance of Payments Statistics.

Note: The developing countries category does not include economies in transition; hence, data in the present table may differ from data reported for country groupings in IMF sources.

[a] Partially estimated.

[b] Cape Verde graduated in December 2007 and is therefore excluded from 2008 onward.